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8 April 1966

ANALYSIS OF CHINESE COMMUNIST POWER

By

MAY 16 1966

U. S. ARMY WAR COLLEGE

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Analysis of Chinese Communist Power

by

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US Army War College
Carlisle Barracks, Pennsylvania
8 April 1966

TABLE OF CONTENTS

	Page
LIST OF TABLES	iii
LIST OF FIGURES	iv
SUMMARY	v
CHAPTER 1. INTRODUCTION	1
2. HISTORICAL PERSPECTIVE	3
Geography and demography	3
Traditional culture	4
Collapse of Manchu dynasty	8
Ascendancy of the Kuomintang	9
Foreign and civil wars (1937-1949)	12
3. 1949-1952, POLITICAL CONSOLIDATION AND ECONOMIC REHABILITATION	17
Comparing Communist revolutions of Russia and China	17
Initial consolidation phase	18
Foreign affairs	20
Domestic programs, policies, and achievements	22
Summary of accomplishments	28
4. 1953-1957, FIRST FIVE-YEAR PLAN	30
Communist party and government	30
Foreign affairs	32
Economic planning	33
Summary	41
5. 1958-1960, THE GREAT LEAP FORWARD	46
Communist party and government	46
Foreign affairs	49
Economic planning	54
Economy	55
Summary	64
6. 1961-1965, CONSOLIDATION AND ADJUSTMENT, AND ANALYSIS OF ELEMENTS OF POWER	67
Economy	67
Science and technology	85
Psychological and social characteristics	89
Military	92
Political affairs	97
7. DISCUSSION AND CONCLUSION	102
Purpose of thesis and foreign policies of PRC	102
Plans for attaining great power status	103
Analysis of best concept	105
Conclusion	111
BIBLIOGRAPHY	113

LIST OF TABLES

	Page
1. ESTIMATED PRODUCTION OF SELECTED COMMODITIES IN MAINLAND CHINA	29
2. PRODUCTION OF MAJOR INDUSTRIAL ITEMS IN THE FIRST FIVE-YEAR PLAN (1953-1957)	44
3. COMBINED GROSS OUTPUT VALUE OF INDUSTRY AND AGRI- CULTURE IN COMMUNIST CHINA, 1949-59	45
4. RETROGRESSION OF THE RURAL COMMUNE SYSTEM 1958-61 .	59
5. POPULATION ESTIMATES	69
6. TABLE 6	76
7. TABLE 7	80
8. STRENGTH OF PRC MILITARY FORCES	96

LIST OF FIGURES

	Page
1. OFFICIAL AND REVISED ESTIMATES OF GROSS GRAIN PRODUCTION	61
2. GROSS VALUE ADDED IN THE INDUSTRIAL SECTOR BY ORIGIN 1952-1962	65
3. PRODUCTION OF FOOD GRAINS	71
4. MAINLAND CHINA RAILROADS	83

SUMMARY

The detente exists between the United States and the Soviet Union; for the People's Republic of China (PRC), a question mark exists. Will the PRC become a great power? Will the balance of power be toppled?

This thesis presents a power analysis of the PRC and projects its development to the turn of the century to determine if the PRC can rise to be a great power. In the research paper, a detailed study of the pre-Communist culture is completed in order to identify enduring characteristics of the Chinese that would assist or restrain their being staunch followers of Mao. Next, a thorough review of the Communist regime of 1949 through 1965 is completed, and it is followed by a power appraisal. Five elements of power are used: the technical-scientific, psychological-social, military, political, and economic systems.

The result of the research indicates that the PRC has adopted foreign policies that, if consummated, would elevate the PRC to a great power, but the PRC cannot attain this lofty goal: the economic-scientific foundations cannot supply the means. The economy has exhibited serious imbalances, irregular growth, and chronic irritants that the Communist leaders seem unable to control. A per capita growth indicator for the PRC is just equal to that of India and below that of the United States. The educational system is strictly controlled by the Communist Party; consequently, creative thought and initiative are being thwarted. The scientific-technical basis coupled with the lack of capital funds seriously restricts the modernization of the People's Liberation Army. The eventual development of sophisticated weapons will be neutralized by scientific advancements of the United States and the Soviets. The PRC--wanting for astute economic leadership, sensible educational systems, and adequate capital funds--must continue to expend enormous efforts to keep its relative power status; therefore, great power status cannot be achieved in this century.

CHAPTER 1

INTRODUCTION

The purpose of this thesis is to determine whether the People's Republic of China (PRC) can become a great national power by the end of the twentieth century. The conclusion of this study will be based on a detailed historical review and power appraisal. Since the methods of accomplishing a power appraisal vary, as do the definitions for a great power, a description of each is in order.

First, the ability of a nation to project effectively its will over the entire spectrum of international conflicts, from persuasion to coercion, identifies that state as great national power. This definition implies constraints that are evident in both the great powers of today, the United States and Russia. They both have recognized assets to achieve national goals, but the methods and degrees of power applied by each for an individual goal are tailored to the circumstance. Power is relative and situational; it is also subjective, imprecise, and dynamic. Yet, a great power is readily recognized by its ability to exert its influence in the world arena; this study will seek to determine if the PRC can acquire such a capability this century.¹

Second, the power appraisal will attempt to evaluate the various contributing elements from long and short term vantage points.

¹A. A. Jordan, National Power, pp. 1-6.

The history and culture of pre-Communist China will be reviewed for the discovery of enduring national strengths, weaknesses, and drives. Next, the regime of the PRC will be studied in detail to discern new changes introduced by the Communist ideology. After completing an analysis of the long and short term history of mainland China, a prognosis of the potential of the PRC will be formulated by comparing the relative strengths of the great powers and those of the PRC as a function of time, technology, demography, economy, military-political leadership, and other relevant elements.

One crucial but confusing difficulty encountered in the study of the PRC is the questionable validity of official or unofficial statistics. For example, data compiled in 1949-51 were little more than guess work; statistics compiled in 1952-54 were more consistent but inaccurate; figures released in 1955-57 were relatively reliable; the Great Leap Forward data were chaotic; and subsequent information has been withheld.²

The three major portions of the thesis are the great power criterion by which the PRC will be evaluated, the procedures and rationale by which this judgment will be made, and the validity of the statistics to be used. The purpose and scope of the thesis are indeed formidable but attainable.

²Cheng Chu-yuan, Communist China's Economy, 1949-1962, pp. 181-189.

CHAPTER 2

HISTORICAL PERSPECTIVE

China's boundaries hold nearly one-fourth of the human race. In numbers China is the largest nation on earth; in size it is second only to the Soviet Union. More people speak Chinese than any other language. Among the world's nations, China alone has succeeded in carrying forward its culture and political existence in uninterrupted continuity from prehistorical millennia into the atomic age. The facts speak for themselves, there is no need to labor the point that China and Chinese were, are and will be a crucial factor in world history and world affairs.¹

GEOGRAPHY AND DEMOGRAPHY

As stated, China has a massive population living in a very large area, but other factors are necessary to evaluate accurately this information. China Proper, "the China of the Chinese," lies in the fertile low lands and valleys of the eastern and southeastern portions of China and comprises only slightly more than 35% of the total area, yet contains 95% of the population.² Four rivers flow eastward through these densely populated areas, and provide water necessary to support the small, productive farms of the nation's agricultural centers. The Yellow River, the second longest, winds 2,980 miles through northern provinces and empties into the Gulf of Chihli. The Yellow River valley includes an area of 600,000 square miles. Central China is drained by the Yangtze River

¹Helmut G. Callis, China, Confucian and Communist, p. 1.

²Ibid., pp. 1-2.

and its tributaries. It is the largest river in China, travels 3,237 miles, and drains 700,000 square miles; and 1,062 miles of its lower course are navigable by ocean-going vessels. Min Chiang and Chu Chiang (Pearl River) flow through the southeast China. The first is navigable most of its course, and the Pearl River, fourth largest in China, drains 150,000 square miles.³

In the Yellow River valley and plain area, corn, wheat, cotton, millet, and rice comprise the principle crops. Rice is the prime crop of the central and southern farm belts with bamboo, oranges, tea, and cotton as some of the additional produce. The Han Chinese live in the lowlands while generally the minority peoples of China, six per cent of the total, live in the hinterlands.⁴ The hinterlands are unsuited for extensive agriculture, because they receive sparse rainfall and consist primarily of mountains, deserts, or arid plains. The northern valley and plains of the Yellow River get a moderate amount of moisture, whereas the central and southern agricultural areas receive generous amounts.⁵

TRADITIONAL CULTURE

The important features of Chinese culture that influence modern Chinese thinking are: family customs, Confucian government,

³Hu Chang-tu, China, pp. 40-44.

⁴Hu, op. cit., p. 65.

⁵Hu, op. cit., pp. 46-67.

ethnocentrism, and cosmology. The traditional Chinese family was the joint or extended family comprising members of several generations of one clan. This unit perpetuated social stability, security, and self-sufficiency. The traditional family was hierarchically ordered, and each member had a duty and a special status within the group. The system put a premium on old age and subordinated the role of women. Children learned the skills of their fathers, and all ventures were family approved. Family responsibility was always considered above all eventualities including provincial or national duties.⁶ In essence, the traditional Chinese family stressed mutual dependence; concurrently yet in direct contrast, the West was developing individualism or independence.

Chinese cosmology existed long before Christianity or Confucianism; it survived as a principal religious belief until the modern era. Early Chinese believed that nature was good, orderly, and benevolent; and man would benefit if he followed the Will of Heaven. Since nature was the great example for man and society, man had to live in harmony with it. If accomplished, life would be good, and society orderly and harmonious. With these beliefs, the Chinese nature religion included both ancestral and nonancestral worship. These forces and the Lord on High, the heavenly ruler of spirits, influenced man. The Emperor of all China, the Son of Heaven, was the mediator of all men and natural forces.⁷

⁶Callis, op. cit., pp. 42-47.

⁷Ibid., p. 39.

A continuous, unbroken train of dynasties has existed from 1122 B.C. to the downfall of the Manchu dynasty in 1912 A.D. To understand how this could happen, a number of factors must be considered. First, the central government was developed and was compatible and consistent with the traditional family structure: the people were the children; the Emperor was the father; confidence and obedience were expected on one side, and protection and benevolence in return. The government was not the business of the people; the Son of Heaven would rule as long as he held the mandate of heaven. Second, if disasters struck during his reign, the Emperor had obviously lost the mandate of heaven. Under these circumstances, the people had the right and duty to revolt. Once a dynasty gained or regained power, it immediately received the mandate of heaven; and the citizens rendered him due obedience. Third, the Emperors ruled through a bureaucracy of selected elites. Thus governments were led by an aristocracy, not of birth, but of virtue and of mind, which was selected by a rigorous, competitive civil service examination.⁸ Fourth, by the very nature of the coups and the governing, conservative elites, the new rulers attempted immediately to restore the status quo ante. In summary, the masses were governed by a highly centralized, authoritarian regime, the Emperor and his elite, that tended to perpetuate its

⁸Ibid., pp. 48-51.

conservative rule in spite of occasional changes in dynasties. Essentially, there existed but two classes within the population, the educated scholars or gentry that were necessary for recruits to fill civil service positions and the overwhelming numbers of peasants.⁹

The ethnocentrism of traditional China, although temporarily shattered in the past century, was and still is a major characteristic of the Chinese. The Chinese had a highly sophisticated culture many years before the birth of Christ, and it has endured to this day. This fact, coupled with the Chinese belief that the Middle Kingdom was an empire and a civilization--not merely a nation--has caused the Chinese to consider themselves the center of civilization with all foreigners being barbarians inhabiting the peripheral lands. The Emperor of the Middle Kingdom, the Son of Heaven, was the rightful ruler of the world as dictated by the principle of universalism. China required no treaties, only tributary relations with vassals. The ethnocentric beliefs are set forth in the theory of T'ien hsia--as omnipotent Son of Heaven, the source of all law, the fount of all government authority, the Emperor bore the mandate to rule not only Chinese, but all mankind.¹⁰

⁹A. Doak Barnett, Communist China in Perspective, p. 10.

¹⁰O. Edmund Clubb, "The International Position of Communist China," in The Hammaraskjold Forums, pp. 3-5.

COLLAPSE OF MANCHU DYNASTY

From being the oldest and probably most stable social and political system in history, China's thin exterior was penetrated extensively by the Western powers in the mid 19th century, and the old order lacked the resilience sufficient to withstand the challenge.¹¹ The decline of the dynastic rule and the start of the Chinese revolution were marked by the Opium War of the early 1840's and the Taiping Rebellion of 1848-1864.¹² The Western nations and Japan followed these initial penetrations with: the development of modern industry by foreign capital in 1890; the Japanese seizure of Korea, Formosa, and the Pescadores Islands in the Sino-Japanese War of 1894-1895; and the declaration of the Open Door Policy by the United States. The Chinese were deeply influenced by the new contacts. Slowly the revolutionary forces gained momentum, and at the turn of the century, new political Chinese forces formed.¹³

After being humiliated by Western and Japanese forces, the Chinese intellectuals were determined that China must modernize and become a strong nation-state. They agitated for modern technology, an advanced science, constitutional government, industrial and economic growth, agrarian reform, and most of all, national

¹¹Hu, op. cit., p. 4.

¹²Walt W. Rostow, Prospects for Communist China, p. 3.

¹³Barnett, op. cit., p. 3.

power. In the wake of this longing, Sun Yat-sen rose above the turmoil and ignited a national movement in the early 20th Century with his three slogans, "nationalism," "democracy," and "people's livelihood."¹⁴ He fulfilled the aspirations of the distraught intellectuals.

ASCENDANCY OF THE KUOMINGTANG

The Republic of China under Sun Yat-sen in 1912 failed to gain control and unite the country, because the Kuomintang (KMT) had not made the necessary preparations nor had the people the background and traditions to establish a viable republic. During the slow political consolidation of the nation by the KMT, the country was fragmented into growing, industrialized cities, war lord domains, and KMT areas of influence. The KMT was organized, with the aid of Russian advisors, into a nationalistic party with a form and function very similar to the Russian Communist Party. In the 1920's the KMT collaborated with the Chinese Communist Party (CCP) in governing the Republic. By the mid 1920's two events occurred that markedly turned the course of history for the KMT: the KMT extended their effective control to include all of China Proper, and second, the KMT under Chiang Kai-shek attacked the CCP, expelled its members from the coalition government, killed its leaders, and attempted to destroy its organization

¹⁴Ibid., pp. 14-16.

and institutions.¹⁵ Prior to this attack the CCP had attempted city strikes and peasant insurrectional movements which were suppressed by the KMT.

By 1928 Mao Tse-tung, one of the CCP leaders, had recognized that the power of the bourgeoisie to be very strong in the urban areas and that the only path to Communist victory lay in the transformation of the backward, rural areas into Communist military bases.¹⁶ Upon the peasant basis, Mao evolved the following strategy: (1) A strong mass base must exist, and this is to be won by instituting land reforms. (2) A strong, viable Communist Party is mandatory. (3) The building, organizing, equipping, and training of a powerful Red Army is a prerequisite. (4) A strong territorial base is necessary to support the movement. (5) The base area must be self-sufficient to maintain its population.¹⁷

After the CCP had been attacked by the KMT and Mao had solidified his agrarian based strategy, the Communist seized control of the inland province of Kiangsi. Here they implemented Mao's theories. They appropriated the land, redistributed it to the peasants, and thus broke the traditional economic-political control of the local districts. Next, the Communists liquidated the landlords, gentry, and local officials. This program gained the enthusiastic support of the peasants.¹⁸

¹⁵Rostow, op. cit., pp. 22-23.

¹⁶Cheng Chu-yuan, Communist China's Economy, 1949-1962, p. 22.

¹⁷Benjamin I. Schwartz, Chinese Communism and the Rise of Mao, pp. 189-190.

¹⁸David N. Rowe, China Among the Powers, p. 50.

By 1934, the central government moved against this Communist province with superior strength, surrounded 180,000 Red troops and attempted to annihilate them. On October of that year 100,000 Red troops broke through the encirclement of the Nationalists and started their famous "Long March" of 6,000 miles to Shensi. Of this original number only 20,000 arrived, but by 1935 a Communist government and Red Army, now lead by Mao, were intact and were controlling Shensi Province.¹⁹

In spite of internal and external conflicts, such as the continuous Communist subversion and the loss of Manchuria to Japan during 1931-34, the economy of China showed slow but sure signs of development. During World War I, China was cut off from world markets, and her infant industry enjoyed protection and prospered. In the ten years before the 1937 invasion by Japan, China appeared to be consolidating its power in a very credible manner. Many well-trained administrators brought competence to national affairs. The national currency and monetary system were created that sustained the civil and military operations. Agriculture, industry, transportation, and public health progressed impressively, and the general welfare benefited.²⁰ In fact, some new phases of the economy exhibited symptoms of "take-off" conditions as early as 1934.²¹ For example, from 1934 to 1937 the highway mileage

¹⁹Rostow, op. cit., pp. 25-27.

²⁰Ibid., p. 13.

²¹Wu Yuan-li, The Economy of Communist China, p. 4.

expanded almost four times, the industrial and handicraft workers rose to 1,000,000 and 10,000,000 respectively. If the Japanese invasion had not erupted, China would have undoubtedly embarked on a rapid industrial program.²²

While the cities were modernizing at a modest rate, the pre-1937 farm had been only slightly affected. China was still predominantly an underdeveloped agrarian society that imported three per cent of all rice consumed.²³ A sample survey by J. L. Buck indicated that 54.2% of householders owned their land, 39.9 per cent were part owners, and 5.9 per cent were tenants. Only 28.7% of cultivated land was rented.²⁴ In summary, 1937 China was characterized by three paramount economic features: (1) The economy was free and was open to all domestic and foreign trade. (2) The petty bourgeoisie dominated the economic society. (3) The economy was predominately agrarian.²⁵

FOREIGN AND CIVIL WARS (1937-1949)

During 1937 the Japanese attacked China Proper and quickly occupied the principal agricultural, industrial, and population centers. The Japanese failed to understand the Chinese farmers, because with land distribution and other corrective measures the

²²Cheng, op. cit., pp. 6-7.

²³Rowe, op. cit., p. 35.

²⁴J. L. Buck, Land Utilization in China, p. 194.

²⁵Cheng, op. cit., p. 4.

oppressed peasants would have freely supported the Japanese in lieu of the oppressions of traditional taxes and landlords.²⁶

Since the Japanese failed to gain the peasants' and likewise the urban support, the Chinese population slowly grew to despise them, and from this, a nationalistic feeling was further engendered.

The fighting in China continued until the Allied victory in 1945; the Chinese forces failed to wage a major campaign of any significance. The Chinese forces, both Nationalist and Communist, remained in the hinterlands and conserved their forces. The Communists had planned well during the Japanese War. Their goal was to increase their base, population control, and armed forces. For example, in 1937 they controlled 30,000 square miles and 2,000,000 people; in 1945 this had expanded to 300,000 square miles and 95,000,000 people, or 20-30 per cent of Chinese population. By spring of 1946, the Nationalists had occupied all major urban centers but had abandoned much of the rural areas. At this time the Nationalist army totaled 2,600,000 men, the Communist 1,100,000.²⁷

By the end of World War II the Nationalist government was in a shambles: the party was fragmented; the rudimentary ideology had not been effective in the programs; Sun's three People's Principles were empty slogans; government apparatus was ineffectual;

²⁶Rowe, op. cit., p. 51.

²⁷Rostow, op. cit., pp. 28-34.

land reform had been considered, desired, but not executed; and the new, modern elite were not attracted to the Nationalists.²⁸ Financial values and national economy became chaotic. During the period from 1937 to 1939, inflation climbed 100 per cent and by 1945 the volume of bank notes had skyrocketed to 465 times those of 1937.²⁹

Both antagonists expanded their land base and armed forces while governing their respective territories. The Communists continued to redistribute the land, eliminate the rural opposition, and gain peasant support while advocating a coalition government.³⁰ Meanwhile, the Nationalists overextended their forces, nationalized all property and industry controlled by the departing Japanese, and supervised the revival of private industry.³¹ By 1946, the Nationalists owned 67.3% of all industries.³²

At this point, the emergence of Communist Russia and China should be compared. Communists under Lenin argued for an end to the war and action on social issues. They concentrated on seizing power, fighting off the counter-revolutionaries, distributing land to peasants, and remaining out of a coalition government.³³

²⁸Barnett, op. cit., pp. 20-21.

²⁹Cheng, op. cit., p. 7.

³⁰Rostow, op. cit., p. 307.

³¹Ibid., pp. 234-235.

³²Wu, op. cit., p. 117.

³³William J. Miller and others, The Meaning of Communism, p. 50.

Communists under Mao intentionally did not engage the Japanese with sizeable forces, but nurtured their strength for their ultimate antagonist. The Chinese Communists essentially followed the identical pattern of the Bolsheviks, yet they did advocate a coalition government.

By 1947 the civil war had erupted, and soon the Nationalists' overextended positions started to crumble before the relentless Communists of the north. By late 1948 the balance of forces had shifted to favor the Communists, 1,600,000 to 1,500,000. The Nationalist cause was lost, and it succumbed to the Communists in 1949.

While the military action progressed, the inflation in the Nationalist domain became even more chaotic. The wholesale price index had jumped to 5,482.9 in early 1949. (1937=100). The Japanese and civil wars had facilitated the Communist takeover because: First, the well-to-do peasants in rural areas and the petty bourgeoisie in the urban districts were reduced to impotency, and second, the Nationalists had already nationalized a majority of the industries.

In summary, the Nationalists were defeated by the Communists because: (1) Nationalist leaders and movement did not cope successfully with the ever-growing problems of China. (2) The Sino-Japanese war, coupled with the breakdown of the traditional

Chinese way of life, produced a ready source of revolutionary movements. (3) The Communists exhibited superior organization and strategy.³⁴

³⁴Barnett, op. cit., p. 34.

CHAPTER 3

1949-1952, POLITICAL CONSOLIDATION AND ECONOMIC REHABILITATION

COMPARING COMMUNIST REVOLUTIONS OF RUSSIA AND CHINA

Karl Marx anticipated that capitalism would inevitably be destroyed and that eventually communism would evolve. Thus far, embryonic capitalism has been destroyed by deliberate, fanatical action with disastrous results in Russia and China.¹ Therefore, Marx's hypothesis has been proven incorrect by history. Indeed, the harbinger of modern political revolutions, specifically Communist led revolts, is certainly war and not the inevitability of history.²

The 1949 Chinese Communist leaders were considerably more experienced than their counterparts, the Bolsheviks of 1917. The Bolsheviks had limited political administrative and military experience when they gained power, whereas the Chinese leaders were seasoned and disciplined with 28 years of military, political, and administrative affairs. These leaders had endured the "Long March," the Japanese War, and the Civil War. They were a closely knit team that had proven its ability and durability.

¹William J. Miller and others, The Meaning of Communism, p. 28.

²A. Doak Barnett, Communist China in Perspective, p. 8.

INITIAL CONSOLIDATION PHASE

Upon the collapse of the Nationalists, the Communists quickly and efficiently set about reunifying the fragmented country and establishing a totalitarian political control. The reunification was accomplished by the Communist military and political forces which reacquired all Chinese territory except Outer Mongolia and Taiwan.³ The political control was attained by superimposing the Communist system on the Nationalist provincial system. For expediency in the period 1949-1954, the provinces were divided into six administrative districts. In each district the leading general had prime authority to accomplish military tasks, consolidate political power, and maintain order during land reform movements. By the system of political and military direction imposed on the masses, the Communists succeeded in reaching a lower level of control than any predecessor. This control was felt in the countryside as well as the wards and streets.⁴

In order for the viable Communist government to attain legitimacy, a Chinese People's Political Consultative Conference (CPPCC) was convened in September 1949. This conference represented a united front of the people. It adopted an interim Constitution, an interim governmental structure, and the Organic Law of the CPPCC.

³A. Doak Barnett, "Communist China--Continuing Revolution," Headline Series Foreign Policy Association, No. 153, May-Jun. 1962, p. 12.

⁴O. Edmund Clubb, Twentieth Century China, pp. 313-314.

Since the CPPCC represented the nation, its enactments were the mandates of the people. The Chinese People's Republic was formally established in Peking on 1 October 1949.⁵

With the consolidation phase, the psychology of the Communist leaders and the severely shocked condition of the people must be considered. First, the leaders demonstrated four persistent and characteristic tendencies of Chinese Communist ideology under Mao. They were nationalism, populism, contradiction, and subjectivism. The heart of the new nationalism was the ideology of Mao and the CCP. Populism was exemplified by the government which was a coalition under the hegemony of the proletariat. Contradiction was similar to the Marxist word struggle, e.g., the "3 anti, 5 anti" movements. Subjective forces were the powers necessary to mold proletarian Communists from peasants or transform the people into a unified mass.⁶ Second, the people had been subjected to a series of shattering events--the humiliation of China by the Western powers, the decay of the traditional way of life, and the destruction of a large portion of the nation's manpower and property. These events would be classified by anthropologists as suitable causes of a disaster syndrome. Under these conditions the people were demoralized, dissolutioned, and ready to be revitalized by charismatic leaders and emotional political movements.⁷

⁵Ibid., p. 308.

⁶General Electric Co., Communist Ideology in China, pp. 17-30.

⁷Anthony F. C. Wallace, Culture and Personality, pp. 120-154.

Besides being emotionally suited for communism, the Chinese have traditions that would facilitate their conversion to the Communist ideology. For example, Confucianism teaches obedience of the masses to the ruling elite. In this instance, the Communist elite and its closest supporters comprised but five per cent of the total population;⁸ but they were able to establish their legitimacy. Also the Mandate of Heaven had fallen from the Nationalists and had been acquired by the Communists. The age-old custom to show allegiance to the new rulers made the Communist takeover comparatively easy.

FOREIGN AFFAIRS

From the first awakening of the Chinese Republic, Russia had been advising both the KMT and the Communists pertaining to their future course of actions. Surprisingly, Moscow had a very poor reliability in advising its protege, the Chinese Communist Party. Moscow recommended that the KMT and CCP work closely together in the initial stages of the Republic, but Chiang surprised his Communist advisors and collaborators and almost succeeded in decimating the CCP at this point. Moscow pressed for a proletariat revolt led by its Chinese stooges; Mao, not a Moscow favorite, won the civil war with a peasant revolt. Moscow underestimated Mao's might following World War II and was slow to give his forces the immediate aid that they expected. In spite of this friction

⁸A. Doak Barnett, Communist China in Perspective, p. 33.

and a long history of Sino-Soviet border hostilities, the Russian government did provide substantial assistance to the PRC to shore up its exhausted resources and to reinvigorate rehabilitation efforts.⁹

On 25 June 1950, the North Korean Army struck across the 38th parallel. Events quickly developed: the UN intervened, using U.S. Armed Forces, and the U.S. 7th Fleet was dispatched to guard Taiwan against possible PRC aggression. Next, the UN forces stabilized the front in South Korea and instituted a counter-offensive that approached the 38th parallel in early October 1950. On 3 October Chou En-lai informed the Indian Ambassador that China would intervene if the UN forces crossed the 38th parallel. On 7 October the U.S. First Cavalry Division led the drive to the the Yalu River, and on 25 October/Red Chinese Army entered the Korean War. After a rapid withdrawal by the UN forces, the front was again stabilized near the 38th parallel in 1952, and the armistice was signed in July 1953.¹⁰ The PRC entered the Korean War for the following reasons: (1) to preserve international communism from loss of worldwide prestige, (2) to keep North Korea as a buffer state, and (3) to prevent North Koreans from retreating into Manchuria and possibly causing Russian troops to be dispatched to Manchuria.¹¹

⁹Walt W. Rostow and others, Prospects for Communist China, p. 192.

¹⁰Clubb, op. cit., pp. 338-340.

¹¹Rostow, op. cit., p. 69.

DOMESTIC PROGRAMS, POLICIES, AND ACHIEVEMENTS

The new PRC was confronted with economic problems common to all nations. They were (1) the allocation of resources, (2) the distribution of income, and (3) the movement of aggregate income, employment, and prices over time. In a pluralistic society these functions are accomplished continuously by individual transactions, but in a centralized society such as the PRC, the economy must be controlled.¹² The normal economic problems were further complicated by the disjointed Chinese economy of 1949. The modern industrial sector, located in coastal cities and oriented to the management of foreign trade, consisted primarily of textiles and light industry; the heavy industrial sector was in Manchuria but was not integrated with China; and the major sector, agriculture, was largely self-sufficient.¹³

The Economic Policy of the Common Program, 1949-53, was adopted by the People's Consultative Conference and used by both the party and the government structure to achieve a smooth transition towards communism. The policies were (1) to accomplish land reform, (2) to establish a mixed economy, (3) to institute state control of the economic plan, (4) to attain autarky, (5) to increase an industrial base giving top priority to heavy industry, and (6) to establish a sound, controlled monetary system.¹⁴

¹²Wu Yuan-li, The Economy of Communist China, p. 18.

¹³Rostow, op. cit., p. 223.

¹⁴Wu, op. cit., pp. 11-12.

To implement these goals, the CCP adopted a cautious policy of encroaching separately on each vested interest in order to mobilize all possible support from remaining economic, political, and social elements.¹⁵ The vast CCP most successfully employed economic and psycho-social innovations to attain these aims. For example, the following innovations were used: importation of a new ideology; establishment of new political, social, and economic institutions; complete restructuring of the class and economic systems; initiation of forced-draft economic development; collectivization and communization of society; adoption of new methods of controlling the masses; use of new Marxist values and goals; and creation of a new national personality.¹⁶

Agriculture

Agriculture was called on to foster the economic growth in three ways: to provide manpower for the expanding urban labor force, to furnish an adequate supply of food and raw material to the economy, and to serve as the primary source of foreign exchange for needed imports.¹⁷ Since agriculture was the means whereby the PRC might attain its principle goal of industrialization, agricultural expansion was of grave concern to the

¹⁵Barnett, "Communist China--Continuing Revolution," p. 14.

¹⁶Barnett, "Communist China in Perspective," p. 46.

¹⁷Rostow, op. cit., p. 264.

Communists. The government obviously wanted to control this vital asset, but this rigidity of centralized control is precisely what may adversely affect the efficacy of the endeavor.¹⁸

The Communist land reform program was extremely successful and was conducted and consummated during the 1949-1952 period. The method used by the Party cadre was a variation of the contradiction or struggle ideology of Mao. Each rural community would convene a meeting that would be presided over by the Communist cadre. The peasants would be taunted to speak out against oppressive measures of the landlords, rich peasants, and local officials (10-15% of participants). The results of these meetings varied, but all were brutal. At worst the offender would lose his life; at best, he would lose the bulk of his land.¹⁹

The upshot of the land reform was most gratifying to the Communists. They eliminated the ruling class in the rural area, transferred the wealth of the ruling class to the state, and gained the support of the peasants. The allegiance of the peasants is twofold: they were indebted to the government for the extra land they received, but most of all, since they had alienated the deposed elite, they were forced to cooperate with the regime for their protection.²⁰

¹⁸Wu, op. cit., p. 131.

¹⁹Rostow, op. cit., p. 151.

²⁰Cheng Chu-yuan, Communist China's Economy, 1949-1962, p. 23, p. 27.

In summary, the land reform program was responsible for acquiring property from approximately 10,000,000 households, and about 20,000,000 peasants were sentenced to execution, imprisonment, or exile. Some 116,700,000 acres were redistributed to 300,000,000 peasants.²¹ By mid 1952, the total counter-revolutionaries that had been killed totalled about 2,000,000.²² Yet, in spite of the turmoil of this period, agricultural production improved steadily, and by 1952, it had attained the prewar level of 1936.²³

Industry

The Chinese Communists planned to expedite industrial growth by employing the following procedures: (1) a high rate of investment, (2) a low level of consumption, (3) increased labor productivity, (4) strict labor discipline, (5) avoidance of gross popular discontent, and (6) maintenance of some degree of equity in income distribution.²⁴ To attain these ends, the Communists had to gain control of the masses, and this they did by independently and cautiously attacking elements within the society--for example: the acquisition of KMT, Japanese, foreign, and the "bureaucratic capital" holdings; the "3 anti" campaigns; the "5 anti" campaigns; and the indoctrination of all classes of people by the cadres.

²¹Cheng, op. cit., pp. 24-26.

²²Frank Moraes, Reports on Mao's China, p. 50.

²³Rostow, op. cit., p. 227.

²⁴Wu, op. cit., pp. 72-86.

To appreciate the magnitude of the task confronting the planners in gaining autarky, an appraisal of the 1949 economy is necessary. Both A. D. Barnett and W. W. Rostow agree that this economy was comparable to the Russian's of 1913.²⁵ Rostow also compared it to that of postwar India, 1920-1925 Japan, and 1870 United States. Adequate transportation facilities and foreign trade were woefully lacking; the land and intercoastal commerce was primitive, inadequate, and costly. Only 15,000 miles of railroad line existed in 1949, as compared with 400,000 miles in the United States.²⁶ The per capita foreign trade value had historically been one of the lowest of the world.²⁷

In assuming a tighter grip on the people, the CCP suppressed the traditional organizations and imposed new mass, political organizations for peasants, laborers, women, youth, businessmen, artists, professionals, and every identifiable segment of society. Through this apparatus, the CCP extended its control to the lowest level of society in a manner unprecedented in China.²⁸

The Communists gained large assets from the Japanese and KMT at the termination of World War II and the Civil War. In 1949 they also immediately possessed the fortunes of the "Bureaucratic capitalist"--the holdings of the Soong and Chen brothers, and

²⁵Rostow, op. cit., p. 320.

²⁶Ibid.

²⁷US Dept of Commerce, Foreign Commerce Yearbook, 1937, p. 289.

²⁸Barnett, "Communist China--Continuing Revolution," p. 13.

those of the Chiang and Kung families. These estates netted the government between ten and twenty billion U.S. dollars.²⁹ Foreign businesses were put under severe restrictions, and soon all elected to leave the mainland and their assets. The British alone lost about 200 million pounds.³⁰

In 1951 the Party discovered it had developed weaknesses, and it instigated a strenuous self-purging campaign to rid the Party of "bad" habits. Specifically, the "3 anti" effort was to attack corruption, waste, and bureaucratism. Actually, this stratagem was used to single out and punish some of the untrusted civil servants,³¹ and to increase the effectiveness of the Communists. Early in 1952 the nationalization process started as a part of the "5 anti" campaign. Superficially, this effort was directed at bribery, tax evasion, theft of government assets, fraud in government contracts, and betrayal to the state. The true intent was to bring a larger number of private businesses under control of the government and to undermine capitalists. The capitalist offenders were prosecuted, and capital levies and encroachments were exacted. The state received a large financial sum from penalties and

²⁹Cheng, op. cit., p. 61.

³⁰Cheng, op. cit., p. 62.

³¹Lin Ta-chung and Yeh Kung-chia, The Economy of the Chinese Mainland: National Income and Economic Development, 1933-1959, p. 13.

procured complete or partial managerial control of most free enterprises.³² The managers and middle class were effectively controlled and cowed.

Upon seizing power the Communists concentrated on supervising the banks, because (1) they could better control hyperinflation and (2) they could better supervise investment of the funds. Shortly, a joint government-private bank evolved that helped to bring monetary stability to China.³³ By 1952, with virtual price stability attained, open inflation was replaced by a suppressed inflation, a condition that normally accompanies a full employment economy.³⁴

SUMMARY OF ACCOMPLISHMENTS

The results of this period were most impressive. Except for Taiwan and Outer Mangolia, China had been brought under Communist control to a degree probably not paralleled in Chinese history.³⁵ The people had been coaxed, enticed, and forced to abide by the Communist line by such cleverly devised programs as land reform, "anti" campaigns, and mass indoctrinations. The foundations for the creation of a new society more loyal to the state than the traditional family had been firmly affixed in the society.³⁶

³²Wu Yuan-li, An Economic Survey of Communist China, pp. 228-231.

³³Ibid., pp. 411-417.

³⁴Rostow, op. cit., p. 245.

³⁵Barnett, "Communist China--Continuing Revolution," p. 14.

³⁶Cheng, op. cit., p. 34.

The entire economy responded favorably. Agriculture even produced a surplus during the latter portion of this phase, and industry, largely state owned and controlled, achieved remarkable success as evidenced by TABLE 1.

TABLE 1
Estimated Production of Selected Commodities In
Mainland China³⁷
Pre-1949

<u>Product</u>	<u>Unit</u>	<u>Peak</u>	<u>1949</u>	<u>1950</u>	<u>1952</u>
Pig iron	000 metric tons	2,000	210	827	1,589
Crude steel	000 metric tons	900	144	551	1,215
Rolled steel	000 metric tons	500	90	259	740
Coal	000 metric tons	59,000	26,000	35,000	53,000
Crude oil	000 metric tons	330	125	207	389
Cement	000 metric tons	2,140	663	1,412	2,311
Paper	000 metric tons	120	108	101	264
Flour	000 metric tons	2,450	1,911	1,200	3,087
Sugar	000 metric tons	410	164	198	328
Cotton yarn	000 bales	2,400	1,728	2,040	2,784
Cotton cloth	000 bolts	41,000	29,930	3,230	56,580
Cigarettes	000,000 sticks	82,000	47,000	54,520	102,500
Electric power	000,000 kw-hr	6,900	3,600	3,800	5,700
Rice	000 metric tons	48,600		46,900	55,890
Wheat	000 metric tons	24,000		19,300	22,800
Soybeans	000 metric tons	10,000		5,890	8,900
Cotton	000 metric tons	1,115			1,290

By the close of this period, China seemed to have entered a self-sustaining growth process. The unanswered question for the present and future is simply this, "Will the industrial revolution defeat the Malthusian counterrevolution and provide the Communists with its benefits?"³⁸

³⁷Rostow, op. cit., p. 239.

³⁸Ibid., p. 278.

CHAPTER 4

1953-1957, FIRST FIVE-YEAR PLAN

COMMUNIST PARTY AND GOVERNMENT

The top Communist leaders were unified, mature, determined, disciplined, and successful. Their motives were often good though their methods were most undesirable. They considered the people as instruments and raw material for the state's goals. The government could claim unity, order, cleaner streets, public health, honest taxing, relatively high level of investment, better woman's position, and a decrease in illiteracy. For these benefits the leaders relied on force and fear, forced labor, lying propaganda, swollen armies, an aggressive foreign policy, brain washing of intellectuals, exploitation of peasants, and the lessening of individual freedoms.¹ At this time the majority of the people appeared to have accepted the Communist burden in order to reap its results.

In 1954 the National People's Congress was convened; the Constitution was adopted; and the structure of the PRC was formalized. This Congress superseded the Chinese People's Political Consultative Conference as the highest organ of the state. This new Congress, composed of 1,226 elected delegates, was to meet

¹Walt W. Rostow and others, Prospects for Communist China, pp. 165-171.

yearly but has not kept this schedule. Instead, its authority has been delegated to the Standing Committee. In light of the new Constitution, the government immediately started to streamline its administrative agencies. The original government of the consolidation era was superseded by a government that was essentially the organization of 1965 China.² Mao became chairman not only of the People's Republic and of the Political Bureau of the Central Committee, but also of the National Defense Council. In 1956 the government structure was further changed to include 22 provinces, three autonomous regions, and three special municipalities.³

Near the close of the five-year plan, Mao detected a slackening of economic progress, and, in order to encourage helpful criticism, he launched his famous theme: "Let a hundred flowers bloom. . . ." They, the intellectuals, reluctantly obliged, after coaxing, and proceeded to bloom anti-Communist. After six weeks of this reaction, Mao and the Party instigated a counter-offensive against the rightists to correct their dangerous thoughts. The "poisonous weeds" were purged or reeducated by the Party faithful.⁴ The people of the PRC were now firmly controlled by a reconstituted state government and a mammoth Party organization that had grown to 12.7 million members by 1957.

²O. Edmund Clubb, Twentieth Century China, pp. 314-315.

³"China," Encyclopedia Americana, Vol. 6, p. 517.

⁴Clubb, op. cit., pp. 348-350.

FOREIGN AFFAIRS

In 1954, the Viet Minh successfully ended the war in Indochina and expelled the French; also, that same year, a joint defense system--SEATO--and a bilateral alliance between Taiwan and the United States were signed.⁵ The partial encirclement of the PRC with defensive alliances and suspicious neighbors had begun.

During 1954-57 Communist China played a major role in the newly developing "peaceful coexistence." Their leaders adopted new, more subtle and varied tactics to woo the uncommitted neutralists and erode the influence of the West. In Asia this was the era of the "Bandung spirit" and the "Five Principles of Peaceful Coexistence." Peking attracted and influenced the uncommitted countries through formal diplomacy, political maneuver, "people's diplomacy," and economic aid. This change in tactics did not change their overall strategy; Chinese Communist leaders simply defined new methods for the struggle, placing greater emphasis on non-violent means.⁶

In late 1957, the Chinese leaders evaluated the balance of power, weighed the new Russian ICBM and sputnik successes, and demanded that the Communist Bloc adopt a more militant, daring policy towards the West. Moscow advocated a policy of caution;

⁵Ibid., p. 342.

⁶A. Doak Barnett, "Communist China--Continuing Revolution," Headline Series Foreign Policy Association, No. 153, May-Jun. 1962, pp. 40-41.

it recommended consolidating and improving its economy while defeating the West through economic competition and other non-violent means.⁷ Specifically, Mao pressed for increased aid to shore up his economy. This would benefit the PRC in two ways: first, its economy would expand more rapidly, and second, the PRC could assist its neighbors to revolt and clear China's frontiers of unfriendly nations.⁸

ECONOMIC PLANNING

The First Five-Year Plan was heralded in the autumn of 1952, released in a very broad scope in an editorial in the 16 September 1953 edition of People's Daily, and finally published in mid 1955. Actually, it was a Two-and-a-half-Year Plan formulated the first half of 1955.⁹ This plan stressed the development of heavy industry, because its developers apparently believed that the potential demand of the state industry to be unlimited. The plan sought to gear the economy towards self-sufficiency; it rejected comparative advantage; and finally, it demanded a very high rate of capital

⁷Ibid., pp. 42-43.

⁸O. Edmund Clubb, "The International Position of Communist China," The Hammarskjold Forum, pp. 18-20.

⁹Trevor J. Hughes and D. E. T. Luard, The Economic Development of Communist China, 1949-1960, pp. 36-40.

accumulation in state hands.¹⁰ The Chinese leaders sought to repeat in China, a domestic transformation carried out by Stalin in early 1930.¹¹

This plan was the first of three consecutive five year plans that were to effect the transition of China to socialism by 1967. After socialism, the state would become a world economic power by 2000 A.D.¹² In 1953, at the time that the PRC decided to accomplish these lofty aims, the Chinese economy was comparable to Meiji Japan and was more underdeveloped than that of 1928 Russia. Its agriculture, from which a surplus capital must be produced to accomplish industrialization, was less favorable than that of 1928 Russia.¹³ In addition to these burdens, the immense Chinese population was increasing by 12-15 million per year, and this factor could consume the expected agricultural surplus so needed for modernization.¹⁴

Agriculture

Government agriculture was born, and expanded during the First Five-Year Plan. The procedural basis by which the government controlled agriculture, and other portions of the economy, was

¹⁰ Wu Yuan-li, The Economy of Communist China, p. 14.

¹¹ Rostow, op. cit., p. 299.

¹² Clubb, Twentieth Century China, p. 328.

¹³ Rostow, op. cit., pp. 256-258.

¹⁴ Clubb, Twentieth Century China, p. 329.

(1) to establish statistical gathering agencies, (2) to formulate plans from the data, and (3) to execute the plans. These plans were originated at the State Planning Commission and dispatched to the local levels--provincial, country, and commune--for implementation.¹⁵

The agricultural collectivization of the First Five-Year Plan was planned to a degree, but the tempo soon increased drastically: the farmers moved from independent producers to complete communization in five years in lieu of the intended fifteen years.¹⁶ This amazing feat was accomplished by intensifying the collectivization effort by using mutual-aid teams, elementary cooperatives, and advanced cooperatives. The lower stages were all advanced towards the ultimate goal, advanced cooperatives, as fast as their particular situations would permit. For example, all conditions of collectivization plus independent farming were usually present during the First Five-Year Plan.

In 1951, the Communist cadres started organizing mutual aid teams. These consisted of small numbers of households pooling their work effort during peak load periods. By the end of 1952, 40 per cent of the households were associated in this type of organization.¹⁷ As time progressed in this essentially free

¹⁵Wu, op. cit., p. 26.

¹⁶Chen Chu-yuan, Communist China's Economy, 1949-1962, p. 34.

¹⁷Ibid., p. 30.

enterprise environment, members of the Party cadres soon evolved into the status of rich peasants or the equivalent of the landlord, and rural stratification set in. By 1954, the number of households organized in aid teams rose to 75 per cent, and the stratification was such that 70 per cent of the peasants were poor or lower middle class while 30 per cent were well-to-do middle class peasants.¹⁸

The elementary cooperative consisted of households that pooled their land, farm implements, and labor. The organization was a joint ownership venture, and owners drew dividends in accordance with their input. The members had an option to withdraw.¹⁹ This type of cooperative started on a miniature scale in 1952, increased to 15,000 cooperatives by 1953, and to 114,000 by 1954.. At this time the peasants' initiative in farm production slackened, and the intensity of collectivization decreased. On 31 July 1955 Mao called a meeting of the secretaries of the provincial, municipal, and area Party committees. He severely attacked intraparty "conservatism" and demanded an accelerated cooperative movement, because (1) industrialization could not be carried out in isolation, (2) capital for industry must come mainly from agriculture, and (3) the capitalistic stratification of the peasants must be thwarted. The Party responded with zeal; by late 1956, 91.9 per cent of the households were in cooperatives.²⁰

¹⁸Ibid., p. 28, p. 44.

¹⁹Clubb, Twentieth Century China, p. 332.

²⁰Chen, op. cit., pp. 32-33.

The advanced cooperative was adopted by the third session of the National People's Congress on 30 June 1956. This changed the elementary model considerably. The common ownership replaced the joint ownership concept. The land and principal means of production were transferred to the group, and the option to withdraw and the payment of dividends were cancelled. This cooperative eliminated the rich peasant. The households received money in accordance with their work. By the end of 1956, most elementary models had been converted to the advanced system, and 96.3 per cent of the households were in cooperatives of which 87.8 per cent were advanced. By the end of 1957, China's 120 million peasants' households were in cooperatives.²¹

Industry

The First Five-Year Plan was primarily directed towards the expansion of industry, especially heavy industry, at the expense of light industry and agriculture. For the creation of fixed assets 42.74 billion yuan were planned; 58 per cent for industries; 19.2 per cent to transportation and communications; 7.6 per cent to agriculture, forestry, and water conservation; and 15 per cent to trade, banking, warehousing, etc. Eighty-eight and eight tenths per cent of industrial investment was to be in heavy industry and 11.2 per cent to be devoted to consumer's goods. The annual

²¹Ibid., p. 39.

industrial output for the five-year plan was to have a 98.3 per cent increase. Producer goods were planned to increase at an annual rate of 17.8 per cent while the rate for consumer goods was to be 12.4 per cent.²²

In 1953, eight billion yuan was spent on capital construction.²³ The output immediately fell behind the production schedule, and it appeared that the planning had been overly ambitious. By March a Russian loan was obtained, and by September the Russians had agreed to assist China in the installation of 141 industrial plants. In spite of organizational errors and inefficient practices instituted in early 1953, progress in meeting production goals moved forward rapidly at the close of the year. The industrial output for 1953 was 15% greater than that of 1952.²⁴

In 1954, 9.07 billion yuan was spent on industrial development.²⁵ The Korean War was over; credit and aid had been established with Russia. Russia had agreed to assist in the building of fifteen more plants, and industry responded accordingly. The international trade volume was normal, but the composition of it had been altered. In 1950 only 26 per cent was with the Communist Bloc, and generally the imports of machinery consisted of about 10 per cent of the total. In 1954 trade volume was 80.55 per cent

²²Hu Chang-tu, China, p. 363.

²³Chen, op. cit., p. 118.

²⁴Hughes and Luard, op. cit., pp. 48-49.

²⁵Cheng, op. cit., p. 118.

with Communist nations, and machinery imports constituted 88.5 per cent of the total.²⁶ The year closed with the industrial output rising 17 per cent above the previous year.²⁷

Nine billion three hundred million yuan were expended in 1955 for capital construction.²⁸ This year the Communists attempted to alleviate the inaccuracies inherent in their statistical system, because previous reports had been misleading. The results of this effort were soon nullified by the frenzied activity of 1956 and thereafter. The production and establishment of industry soon fell below the anticipated norms, because funds and human resources had been diverted to aid the agricultural economy. The year closed with Red leaders exhorting the masses to produce and to achieve the production goals. The 1955 industrial activity was about seven per cent greater than the previous year.²⁹

The next year was a preview of the "Great Leap." Fourteen billion yuan was feverishly appropriated. Russia agreed to assist in establishing 55 more industrial plants, and maximum efforts were exerted to increase the industrial expansion. At the start of 1956, the private portion of the industrial sector had essentially

²⁶Clubb, Twentieth Century China, pp. 348-350.

²⁷Hughes and Luard, op. cit., p. 50.

²⁸Cheng, op. cit., p. 118.

²⁹Hughes and Luard, op. cit., pp. 50-51.

vanished, and three classifications remained, the state, the joint state-private, and the cooperative industries. With a great majority of industry under Communist control the industrial production rose sharply, but it was evident at this time that the economy had been severely strained. Machines and men were exhausted. The statistical system had failed under the pressure; and shortages, stoppages, and imbalances occurred. To lessen the strain, the Communist planners reduced the ratio of expenditure of heavy to light industries, from 8:1 to 7:1, but to no avail. Wages rose and consumer demands went unsatisfied. The inflationary pressures were high, and the national budget was in debt for the year's efforts. With the close of the year, a 25 per cent increase over the past year was registered but at a terrible cost to the economy.³⁰

By the start of 1957, a majority of the industrial goals had been achieved, and the pace was slackened considerably to permit the economy to recover. Thirteen billion eighty-three million yuan were expended for capital construction this year, but the theme was consolidation not growth. At the end of the year the industrial increase was but 4.5 per cent greater than the previous year.³¹

In summarizing the industrial portion of the First Five-Year Plan, the following facts can be reported. About 50 to 55 billion

³⁰Ibid., pp. 51-54.

³¹Ibid., pp. 54,56.

yuan were expended: 56 per cent for industry; 18.7 per cent for transport and communications; 8.2 per cent for agriculture, forestry, and water conservation; and 17.1 for all others. Eighty-seven per cent of industrial investment was for heavy and 13 per cent for light industry. The annual industrial output increased at 19.2 per cent with a 141 per cent rise in the total value for the five-year plan--both in excess of the planned figure. Producer goods increased at a 26 per cent rate, and consumer goods at a 13.5 per cent rate.³² These statistics are impressive in spite of the questionable accuracy and methodology used.

SUMMARY

Communist China's political health improved during the First Five-Year Plan in spite of minor difficulties. The government was streamlined under the new Constitution and the Party expanded and seized a controlling interest in the majority of all functions within the realm. Private enterprise had been virtually eliminated, and the agricultural cooperatives had flooded the entire land. The Party and the state had made considerable progress in developing a new creature, the "mass man."³³

During this period the PRC experienced considerable success in the field of Foreign Affairs. Russia had primed its economy with

³²Hu, op. cit., p. 364.

³³Clubb, Twentieth Century China, pp. 405-413.

\$430 million in loans, with assistance in 211 industrial projects, and by sending technical and scientific advisors to China.³⁴

Russia had also provided military equipment to improve the quality of the Armed Forces. In fact, by the close of this period, the PRC was fast acquiring the most formidable air force in the Far East.³⁵ The borders of the PRC were relatively clear of hostile neighbors; Korean and Vietnam buffers has been established. The PRC had been one of the leaders of the Bandung Conference and had undertaken its own foreign aid programs. With this success the PRC was pressuring Russia for more aid and for a more aggressive Communist foreign policy. This coming of age of the PRC was the cause of the first weakening of the Moscow-Peking Alliance.

The progress of the PRC's economy is more difficult to appraise, because the data are questionable, and the methodology and consequences of developing an unbalanced economy are still being contested. With these failings considered, it would still be prudent to confirm that the industrial goals of this plan were met. As previously stated, the annual industrial output rose at 19.2 per cent rate; production growth rates for individual items are presented in Table 2. The Gross National Product (GNP) had

³⁴Ibid., p. 328, p. 354.

³⁵Hu, op. cit., p. 262.

a growth rate of about seven to nine per cent.³⁶ From the difference in growth rates it is obvious that agriculture was sluggish. In fact, agriculture only increased at a rate of about 2.6 to 3.7 per cent while the population increased at about 2.2 per cent. These figures indicate that the food production was just keeping pace with the population increase.³⁷

With the transformation of the economy during the First Five-Year Plan, both the urban-peasant and agriculture-industrial relationships were affected. The per capita earnings in agriculture decreased by 1.7 per cent while the non-agricultural sectors increased by 44 per cent. The wage disparities developed heavily in favor of the non-agricultural worker over the farmer by 2.3:1.³⁸ Table 3 vividly depicts the rapid change of the output value of industry and agriculture in comparison with one another.

³⁶Wu Yuan-li, Francis P. Hoerber, and Mabel M. Rockwell, The Economic Potential of Communist China, Vol. 1, p. 160.

³⁷Cheng, op. cit., p. 133.

³⁸Wu, op. cit., p. 85, p. 132.

TABLE 2

Production of Major Industrial Items in the
First Five-Year Plan (1953-1957) (39)

Item	Unit	1952	1957 (target)	1957 (actual)	Percentage Increase 1957 over 1952
Steel	1,000 tons	1,350	4,120	5,350	296
Pig Iron	1,000 tons	1,930	4,674	5,940	208
Electric Power	million KWH	7,260	15,900	19,300	166
Coal	1,000 tons	66,490	112,985	130,000	96
Crude Oil	1,000 tons	436	2,012	1,460	235
Cement	1,000 tons	2,860	6,000	6,860	140
Timber	10,000 cubic meters	1,120	2,000	2,787	149
Sulphuric Acid	1,000 tons	190	--	632	233
Soda Ash	1,000 tons	192	476	506	164
Caustic Soda	1,000 tons	79	154	198	150
Chemical Fertilizer	1,000 tons	181	504	631	249
Power Generating Equipment	1,000 KW	--	227	198	--
Metal-Cutting Machine Tools	1,000 units	13.7	12.7	28	104
Locomotives	units	20	200	167	735
Railway Wagons	units	5,792	8,500	7,300	26
Motor Vehicles	units	--	--	7,500	--
Merchant Vessels	1,000 tons	16	--	54	338
Internal Combustion Engines	1,000 h.p.	27.6	260	609	2,107
Cotton Yarn	1,000 bales	3,620	5,000	4,650	28
Cotton Cloth	million meters	3,830	5,583	5,050	32
Paper	1,000 tons	540	655	1,220	126
Edible Oils	1,000 tons	980	1,552	1,100	12
Sugar	1,000 tons	451	686	864	92
Salt	1,000 tons	4,945	5,932	8,277	67
Cigarettes	1,000 cases	2,650	4,700	4,460	68

³⁹Cheng, op. cit., p. 134.

TABLE 3

Combined Gross Output Value of Industry and Agriculture (40)
in Communist China, 1949-59*
(In 1952 prices: unit=*JMP* million *yuan*)

Year	Combined Gross Value of Industry & Agriculture	Gross Output Value		Percentage	
		Indus- try	Agri- culture	Indus- try	Agri- culture
1949	46,610	14,020	32,590	30.1	69.9
1950	57,480	19,120	38,360	33.3	66.7
1951	68,320	26,350	41,970	38.6	61.4
1952	82,720	34,330	48,390	41.5	58.5
1953	94,610	44,700	49,910	47.2	52.8
1954	103,540	51,970	51,570	50.2	49.8
1955	110,410	54,870	55,540	49.7	50.3
1956	128,650	70,360	58,290	54.7	45.3
1957	138,740	78,390	60,350	56.5	43.5
In 1957 Prices					
1957	124,100	70,400	53,700	--	--
1958	184,100	117,000	67,100	63.6	36.4
1959	220,800	147,000	73,800	66.6	33.4

⁴⁰Ibid., p. 114.

CHAPTER 5

1958-1960, THE GREAT LEAP FORWARD

COMMUNIST PARTY AND GOVERNMENT

The controlling bodies of the PRC looked optimistically towards the Second Five-Year Plan, or as it is more commonly known, The Great Leap Forward. The first plan had been agreeably successful, and the Party and the government had further consolidated their control of the masses. The Party had been growing steadily since the "Long March." For example in 1956, there were three Communist Party organizations for three different age groups: the Young Pioneer Corps, age 14 and under--30 million members; the Communist Youth League, age 14 to 25--20 million members; and the Communist Party--10.7 million members.¹ At the start of the second plan, the Party had control of the peasants via the cooperative system. In December 1958 the urban commune system was formed, and it was expanded cautiously until at the end of 1960 it was producing 30-70% of all small commodities and repairs in urban districts.² Besides expanding and consolidating at all levels, the Party and the government had demonstrated remarkable skill in organizing the huge masses and had exhibited unity and cohesiveness unparalleled in totalitarian regimes. One major change

¹Hu Chang-tu, China, p. 188.

²Cheng Chu-yuan, Communist China's Economy, 1949-1962, pp. 78-81.

occurred in the hierarchy and that was accomplished without disturbance. Mao transferred the Chairmanship of the Government in 1959 to Liu; this permitted him more time to devote to his Party obligations.³

The Armed Services, like the Party, had gained strength. The ground forces consisted of 170 divisions of 12,000 men each, supplemented by nine specialized arms: air force, navy, artillery, public security, armored, air defense, engineers, railway, and chemical. The militia was composed of three basic units: the urban, the peasant, and the urban-peasant groups. Their responsibilities were to provide public security, maintain order, and protect property. The militia was under control of the Party organization and possessed greater than 10 million members. Eventually this size was to expand to five per cent of the population, greater than 30 million members.⁴

The government during the Second Five-Year Plan was basically aligned in accordance with the 1954 constitution. In October 1959 the State Council had 39 ministries responsible for the implementation of central government directives. Their power like that of the Party permeated to the lowest administrative level, the commune. The commune had replaced the village, and usually was

³A. Doak Barnett, "Communist China-Continuing Revolution," Headline Series Foreign Policy Association, No. 153, May-Jun. 1962, pp. 40-41.

⁴Helmut G. Callis, China, Confucian, and Communist, pp. 339-340.

comprised of one to seven villages or 1,000 to 7,000 households. In addition to administering the agricultural cooperative functions, the commune leaders distributed income, controlled rural education, maintained the militia, and performed as the state's trading and banking organs.⁵

During this three year period, unrest was prevalent amongst the minority groups which comprised 10 per cent of China's population and totaled some 60 nationalities. In 1956 the Mongols, Turki, and Tibetans agitated for true autonomy. This pressure became more disturbing to the Chinese; and in February 1958, the Nationalities Affairs Commission's Vice Chairman, Wang Feng, stated: that there would be socialism under the leadership of the Communist Party. The "local nationalism" of China's minority peoples was soon crushed as heterodox deviation. The Tibetan Revolt of March 1959 was quickly suppressed with the slaughter of 65,000 Tibetans; the Dalai Lama escaped to India on 31 March.⁶ The minority groups conformed to the central authorities and were controlled by the State Council of the PRC. This was effected by the real power of the governing triumvirate--Party functionaries, Communist-led mass associations, and the omnipresent Red Army.⁷

⁵Hu, op. cit., p. 230.

⁶O. Edmund Clubb, Twentieth Century China, pp. 351, 377-378.

⁷Callis, op. cit., pp. 336-337.

FOREIGN AFFAIRS

The foreign policy of this three year era was most complex and had produced momentous events that could well influence history for many decades. This foreign policy review will be separated into three general topics: history; trade and aid; and the Moscow-Peking alliance.

History. The period immediately preceding the Great Leap Forward was marked by the good will of the "Bandung Spirit." This spirit soon turned into a hard, militant line that involved many Peking policies and thrusts. The two best examples of the new militant attitude were by the Second Taiwan Straits Crisis, and the Tibetan revolt, with its resultant Sino-Indian conflicts. The PRC had already caused an earlier Taiwan Crisis; and, since that event, it had continued to modernize its armed forces. The PRC had always maintained a large standing army; but by the time of these new incidents, it boasted the largest, most formidable, and most modern air force in the Far East: 1,800 jet fighters and bombers with trained personnel.⁸ With its air and ground might, it had threatened the off-shore islands and Taiwan during the latter half of 1958. This action brought immediate aid to Taiwan from the United States to the order of \$300 million, and a joint communique from Chiang and Dulles stating that "under the present

⁸Hu, op. cit., p. 262.

circumstances the defense of Quemoy, together with the Matsus, is closely related to the defense of Taiwan and the Pescadores." By the end of 1958 the crisis had subsided: the Chinese Nationalist had been the recipients of great quantities of materiel, yet in response to United States pressure, had agreed not to use the off-shore islands to harass the Communists.⁹

Tibet was brought effectively under the Communists' control soon after their assumption of power. The Tibetans had been restless during the interim period, but to no avail. The PRC had systematically reduced its autonomous status, and steadily integrated Tibet with the PRC. By 1957 three major highways threaded their way through Tibet, linking this distant land more closely to the central authority. One of these roads actually crossed Ladakh, an area claimed by India. In March 1959 the Tibetans actively revolted against the Reds, but within a month's time the revolt was brutally suppressed. The Communist forces immediately started probing the McMahon Line, and shortly it became quite clear that the PRC desired to take over numerous disputed areas along the Sino-Chinese border, including 40 thousand square miles in the Northeast Frontier Agency and portions of Ladakh. At this juncture, Nehru accused Peking of "aggression," declaring that the Chinese were motivated by the "pride and arrogance of might;"

⁹Clubb, op. cit., p. 372.

he also reaffirmed India's determination to defend not only its own territory but also Bhutan and Sikkim.¹⁰

Trade and Aid. Foreign trade and aid relations activities paralleled the economic fortunes of the Great Leap Forward. In 1958, the PRC, based on optimism and the estimated strength of the progress to be associated with the next five year plan, ventured more heavily into the fields of foreign trade and aid. For example, the PRC negotiated trade agreements with Egypt, Syria, Finland, Rumania, Burma, Ceylon, and Indonesia. In general, the European countries stepped up commercial intercourse with the PRC while Russia decreased its trade. In order to gain added influence in the developing nations, small aid missions were established in a limited number of areas, such as Yemen and Indonesia. To pay for these adventures, the PRC dumped raw material and manufactured goods in the Southeast Asian countries. This action brought quick reprisals from this area.¹¹

During the first portion of the development of the PRC, Russia had advanced loans to facilitate Chinese efforts. Now, during the latter portion of the decade, the PRC was obliged to repay this debt; this burden hampered the fulfillment of their great expectations. As the Great Leap Forward matured, it became evident to

¹⁰A. Doak Barnett, Communist China and Asia: A Challenge to American Policy, p. 314.

¹¹Clubb, op. cit., pp. 373-376.

the Chinese Communist leaders that China's resources were over-committed. Trade contract negotiations with Japan were terminated, and the trade agreement with Finland voided because of inability to deliver. In 1959 the PRC outwardly admitted difficulty when it requested postponement of the payment of \$300 million that was due the USSR. More difficulties befell the PRC in rapid order: the Russians cancelled their nuclear aid program, foreign trade dropped considerably in 1960, with the Russian trade decreasing by 19 per cent; and finally in 1960 the Russians terminated their assistance.¹² The withdrawal of Soviet help affected 1,390 specialists, which in turn directly influenced 343 contracts and 257 items of scientific and technical cooperation.¹³

Moscow-Peking Alliance. The weakening of the Sino-Russian alliance was undoubtedly one of the most significant foreign policy events during this period. It started growing during 1958-59 when differences occurred on a wide range of issues: the bloc's treatment of Tito, the Russians' handling of the Iraq crisis, the Chinese pressure on the off-shore islands, India and Indonesia, and--most important--Khrushchev's visit to the United States and preparations for a summit conference. There were other problems as well: the decline of Sino-Soviet economic relations, competition for influence

¹²Ibid., pp. 365-376.

¹³Yu, Yuan-li, "Communist China's Economy: Critical Questions," Current History, Vol. 49, Sep. 1965, p. 167.

in other Communist states and parties, and differing attitudes towards nuclear weapons.¹⁴

As the end of 1960 approached, the dispute became more open and more bitter. Obviously the PRC felt entitled to a greater voice in controlling the Communists' destiny and was exercising its prerogatives. But exactly what event or series of events caused the policy clashes is still problematic. Certainly, the following three would be paramount in affecting Peking's prejudices and drives. First, Russia's demanding that the PRC must repay its debt did not agree with the sharing doctrine of socialist states. The PRC felt strongly that the part of the debt caused by the delivery of Korean War material was invalid. Second, Russia would not underwrite the Second Five-Year Plan on terms agreeable to the PRC. Third, the PRC, under Mao, believed it had special virtue in Asia, and it also challenged the Russian leadership in the developing countries.¹⁵

At the close of the Great Leap Forward, the PRC had succeeded in: consolidating itself further on the mainland; arousing India, Taiwan, and the United States; killing the "Bandung Spirit"; and partially ostracizing herself from the valuable Russian assistance.

¹⁴Barnett, "Communist China-Continuing Revolution," p. 44.

¹⁵Clubb, op. cit., pp. 382-388.

ECONOMIC PLANNING

The Second Five-Year Plan was submitted to the Eighth National Congress of the CCP during the September 1956 meeting. The guiding principles were similar to those of the first plan, except that steel was particularly stressed for maximum growth. Agriculture was to increase 35 per cent, the gross industrial output was to double, the heavy industry was to assume 50 per cent of the total value of industrial output, and the Gross National Product would increase 50 per cent. Agriculture was to receive little capital but was to increase production by increased water-conservancy work, more manure on the land, soil improvement, better seed selection, the introduction of new types of farm tools, the raising of the multiple crop index, the improving of agricultural techniques, the preventing of plant diseases, and the eradication of insect pests.¹⁶

During the next two years the leaders of the PRC had a momentous decision to make. Economically, 1957 was a poor year; Russia refused more loans; and in fact, was demanding repayments of past loans. The debate must have been vigorous and prolonged, but the true revolutionaries obviously won. Mao proclaimed to the National Peoples Congress of February 1958 that the Great Leap Forward would last for the next three years and that production rates would zoom in all categories of the economy. The original Second Five-Year

¹⁶Ibid., pp. 353-354.

Plan was torn to shreds and the overly optimistic Great Leap Forward replaced it.¹⁷ A new production concept was planned: labor-intensive efforts that required little investment capital would be established in great quantities throughout the land. The Communist rationale for endorsing the small industry concept was: (1) Little capital was needed per installation. (2) Production could commence quickly. (3) Local specialists could design and erect their own facilities. (4) Because of their simplicity, the small industries could be placed in widely dispersed areas.¹⁸

ECONOMY

Rural Economy. From late 1957 until April 1958, 100 million peasants labored for three months on water conservancy. This herculean effort--13,000 million work-days or the equivalent of one peasant per household committed for three months work--was performed in anticipation of the Great Leap Forward. In March 1958 the plan started in earnest: 60 million peasants designed and erected backyard furnaces at their co-operatives, and the cadres commenced goading the workers toward greater production goals. By April, the first prototype commune was formed; and by the following September, the 752,113 co-operatives had been transformed into 23,384 communes, 90.4 per cent of the peasant households. The

¹⁷Ibid., p. 355.

¹⁸Cheng, op. cit., p. 139.

co-operatives of 1957 possessed 158 households per unit; the commune had 5,000 per unit.¹⁹

By official definition, "the people's commune is the basic unit of the social structure of our country, combining industry, agriculture, trade, education, and the military. At the same time, it is the basic organization of social power." Actually, the communes were formed to correct the internal and external contradictions between the different co-operatives.²⁰ Theoretically, all peasants in the communes were to have equal guarantees--meals, clothes, housing, schooling, medical attention, burial, haircuts, theatrical entertainment, money for heating in winter, and money for weddings. The commune encouraged a new total selflessness.²¹

After the peasant had experienced life in the commune, he developed many grievances. The family life was unacceptable, because with both parents working and utilizing the group nurseries and mess halls, little time or energy remained for enjoyment of the home. Great efforts were expended in agricultural and industrial chores that were voluntarily given to the state with no reward. Since the private plots had been communized, the peasant shortly discovered that hard work brought no benefits, and he soon became apathetic.²²

¹⁹Ibid., pp. 38-39.

²⁰Ibid., pp. 37-39.

²¹General Electric Co., The Impact of the Commune on the Chinese Family, p. 7.

²²American Universities Field Staff Reports Service, Red China's Sagging Industry, pp. 8-11.

1958 might well be recorded as the most reckless year ever witnessed by man. The PRC extracted monumental expenditures of human energies and natural resources in order to modernize as rapidly as possible. New policies, procedures, programs, and concepts ran rampant and largely uncontrolled. Water conservancy, small industries, freeing women, new farming methods, decentralization of certain industrial direction, and communal life all had profound effects on the economy.

The agricultural production was down for the following eight reasons: (1) Peasants were attending to small industries instead of agriculture. Approximately 10 billion agricultural work days were lost; peasants required for the harvest were woefully lacking. (2) Care and storage of grains were poor. (3) The transportation system was overtaxed. (4) Deep plowing produced infertile soil. (5) Close planting caused abnormally poor harvests. (6) The canals and reservoirs were built with inadequate surveys and designs, thus they affected the water level of neighboring areas. This area was turned into alkaline or swamping land that was unsuited for cultivation. (7) Sparrows were killed in great quantities; yet the bugs then thrived; and they in turn ate the crops. (8) The peasant's morale dropped, and the cadres could no longer exact effective work.²³

²³Clubb, op. cit., pp. 366-367.

The tremendous effort expended on the native furnace projects probably developed a negative factor in regard to the value added in this sector. The resulting product was of a lesser value than the materials used in its manufacture.²⁴

The rural economy was chaotic, and in early 1959 small relaxations in the commune system started to appear. The mess halls were reduced in size and attendance made voluntary. More sleep and rest were afforded the family in order that they might care for their children. Attention was again focused on agriculture and away from the small farm industries.²⁵ The entire collectivization program then started to unravel in almost the reverse order that it was formed. Collective ownership of the means of production was transferred from the commune to the production brigade. The unit of management, administration, and economic accounting was changed from the production brigade to the production team, while the unit of labor organization was essentially moved to work groups or even to individuals. The proportion of family side occupations was increased. A free market opened and flourished. Private plots, previously condemned as the last breeding ground of private capitalism, were restored to the peasants.²⁶ The time phasing of these events is shown on Table 4.

²⁴Wu Yuan-li, The Steel Industry of Communist China, pp. 108-127.

²⁵General Electric Co., op. cit., p. 10.

²⁶Stuart E. Kirby, ed., Contemporary China, p. 96.

TABLE 4

Retrogression of the Rural Commune System 1958-61 (27)

Basic Features	First Stage (April, 1958-April, 1959)	Second Stage (April, 1959-Oct., 1960)	Third Stage (Oct., 1960—)
ORGANIZATION	Three Levels a. commune management committee b. administrative division (or large production brigade) c. production brigade	Three Levels a. commune management committee b. production brigade (equal to advanced cooperative) c. production team (equal to elementary cooperative)	Four Levels a. commune management committee b. large production brigade (equal to production brigade in 2nd stage) c. production brigade (equal to production team in 2nd stage) d. working groups
FUNCTION	commune as the functional organ	production brigade as the functional unit	production team as the functional unit
OWNERSHIP	a. all property owned by commune, but large brigade as accounting unit b. no private plots allowed	a. property owned by production brigade, brigade is accounting unit b. private plots allowed	a. property owned by production brigade; production team as accounting unit b. encouragement of private plots
INCOME DISTRIBUTION	a. income distributed to each laborer b. half-supply and half-wages c. year-end settlement	a. food distributed to households b. 70% of income as wages c. year-end settlement	a. food distributed to households b. 70% of income distributed as wages c. monthly payment
TIMETABLE FOR TRANSITION	a. two-step transition from collective ownership to ownership by the people b. August, 1958 announcement—3-6 years. Revised Dec., 1958 to 20 or more years	a. first stage subdivided into: ownership by brigade and ownership by commune b. minimum of 7 years for transition from brigade to commune ownership	no definite timetable for transition

²⁷Cheng, op. cit., p. 52.

As the agricultural sector of the Great Leap Forward collapsed about the Communist leaders, they were unaware of the disaster, because they insisted "that politics should take command" in statistics.²⁸ To exemplify their unawareness of the failing agriculture in 1959, the PRC actually exported two millions tons of rice and 589 million yuan (\$250 million) of animal and poultry products while claiming a grain harvest of 220 million tons in spite of two typhoons, a drought, and a plague of locusts.²⁹ The statistical and agricultural systems seriously deteriorated; and from 1959 on, they rendered annual planning entirely an ad hoc affair for the Great Leap Forward.³⁰ For a comparison of the official grain estimates and revised estimates by the Stanford Research Institute, see Figure 1.

By 1960, the leaders of the PRC proclaimed that natural calamities had befallen the crops of the previous two years. Agriculture was then declared of prime importance; industry would support agricultural requirements; and grains would be imported.³¹ Inadequate rationing soon appeared, and by 1961 the exodus from the PRC to Hong Kong was triggered by the threat of famine.³²

²⁸Wu Yuan-li, The Economy of Communist China, p. 29.

²⁹American Universities Field Staff Reports Service, Red China's Food Crisis, pp. 7-13.

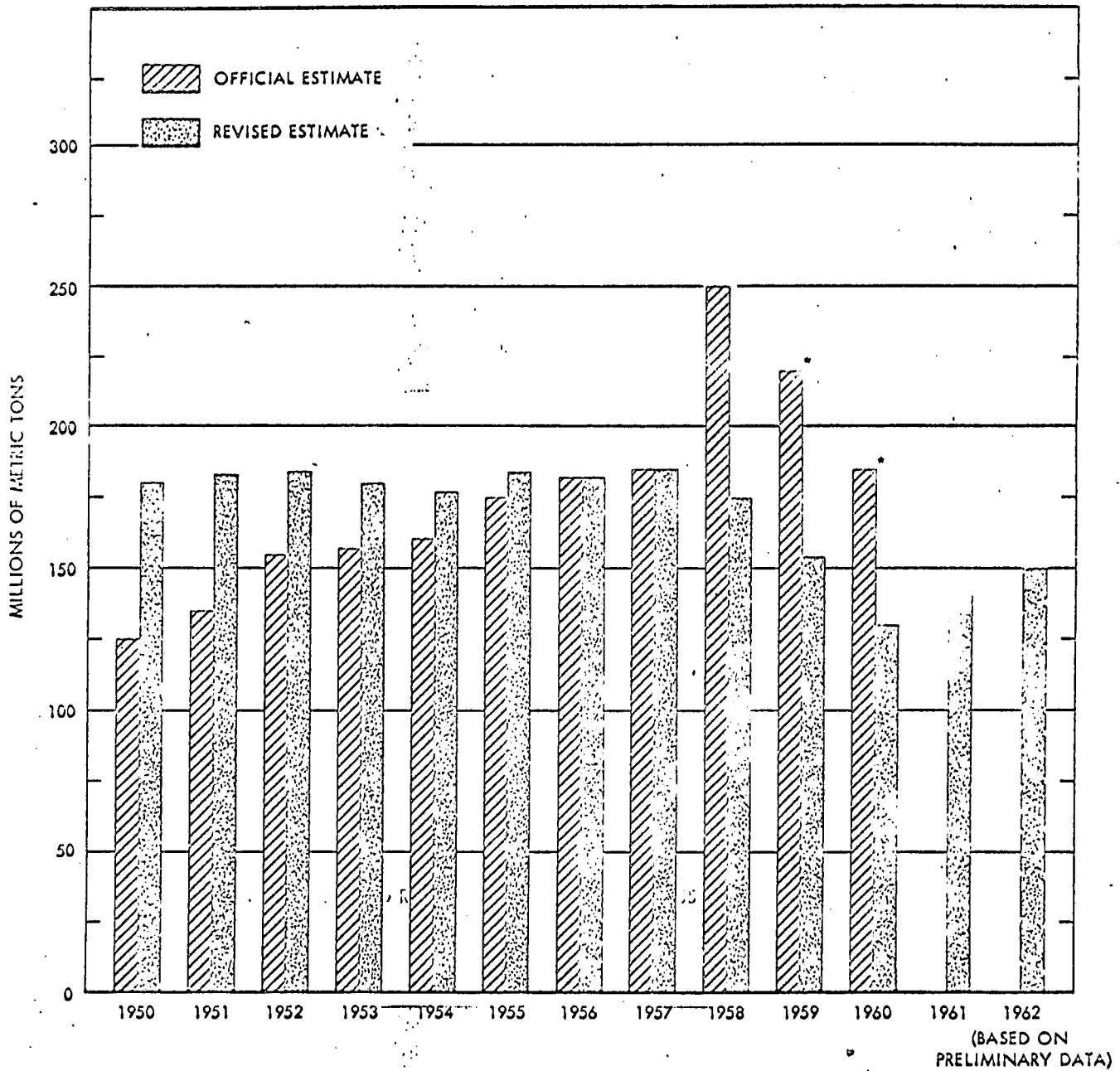
³⁰Li Choh-ming, ed., Industrial Development in Communist China, p. 12.

³¹Cheng, op. cit., p. 149.

³²American Universities Field Staff Reports Service, The Human Price of China's Disasterous Food Shortage, pp. 1-2.

FIGURE 1

OFFICIAL AND REVISED ESTIMATES OF GROSS GRAIN PRODUCTION (33)
Unprocessed Grain
1950 - 1962



*Inferred from available official reports.

SOURCE: Table 35, columns 2 and 3.

33 Wu, Hoerber, and Rockwell, Vol. I, op. cit., p. 187.

The Party had lost face with the population because of (1) the exaggerated claims that were followed by corrections, (2) the disastrous backyard furnace drive, and (3) the trial-and-error organizing of the rural community.³⁴ At the close of the Great Leap Forward, 1960, the agricultural sector had slumped to its lowest point. Some corrective steps had been taken but too late. The entire Chinese economy, based on agriculture, crumbled on top of the cinders of the grandiose design of the commune system of 1958.³⁵

Urban and Industrial Economy. Industry had overexpanded in 1956, consolidated and collected its strength in 1957, and again increased at breakneck speed throughout the Great Leap Forward. This amazing feature is to be marvelled at for the value of the sheer strength of frenzied activity, yet the results of this activity proved disastrous. The Party and the government destroyed central planning by decentralizing; by overemphasizing production and construction of selected portions of the economy; and by upsetting the principle of proportional development of the economy.³⁶ As in agriculture, the industrial statistical system soon became worthless, and the central planners received fallacious figures that further complicated future planning; consequently, there was no effective planning during this era. The concept was to meet and surpass the production goals at all cost, and this was attempted.

³⁴Cheng, op. cit., pp. 148-149.

³⁵Wu, Yuan-li, Francis P. Hoerber, and Mable M. Rockwell, The Economic Potential of Communist China, Vol. 1, p. 242.

³⁶Cheng, op. cit., p. 141.

At the local level, the Party members gained the opportunity to assume control of production by authority of the decentralized planning experiment.³⁷ Generally, the "letting politics rule the factories" caused the following: (1) The technical advice of the engineers was frequently unheeded. (2) The cadres vied with one another over norms. (3) The workers and machines were over worked. The machines were not given necessary maintenance and repair, and the men became exhausted. (4) The quality of the goods was frequently marginal or unusable, and many items were over-produced as a result of competitive production.³⁸

As the pace of the sustained effort exhausted the workers, the agricultural support started faltering, thus denying food for the employees and raw materials for the factories. During the latter part of 1959 and all of 1960, undernutrition affected the ability of the workers and reduced the growth rate of the population.³⁹ Yet industry succeeded in expanding to such an extent that the PRC claimed that the Second Five-Year Plan had been met three years ahead of schedule.⁴⁰

In 1960, the agricultural collapse, the withdrawal of Russian assistance, the siphoning off of labor, the ultimate result of

³⁷Li, op. cit., pp. 25-26.

³⁸A. Doak Barnett, op. cit., pp. 28-32.

³⁹H. Hunter, "Estimated Chinese Growth Trends," The ASTE Bulletin, pp. 5-10.

⁴⁰Cheng, op. cit., p. 140.

mismanagement and poor planning, and the technological confusion of the effort caused economic bottlenecks, dislocations, and imbalances that triggered the failure of the 1961 economy.⁴¹ Again, the Communist leadership undertook corrective measures but too late. During 1960, the Party had emphasized that capital construction had to be gradually expanded, but that the increase of production had to be assured first. It should not be indiscriminately and hurriedly promoted at great expense.⁴² The Party responded too little and too late; the damage was done and probably seven years of progress had been lost by the great gamble.⁴³ The magnitude of the industrial failure is shown by Figure 2.

SUMMARY

During the early portion of the Great Leap Forward, the Party and government tightened their control of the masses. But, as unrest and dissatisfaction grew, the reins were loosened, and greater freedom was offered the people. The large standing Armed Forces had partially modernized, especially the Air Force. The PRC had suppressed all minorities and had adopted a more militant foreign policy, as evidenced by the Second Taiwan Straits Crisis and the Tibetan border incidents. The Bandung Spirit was dead,

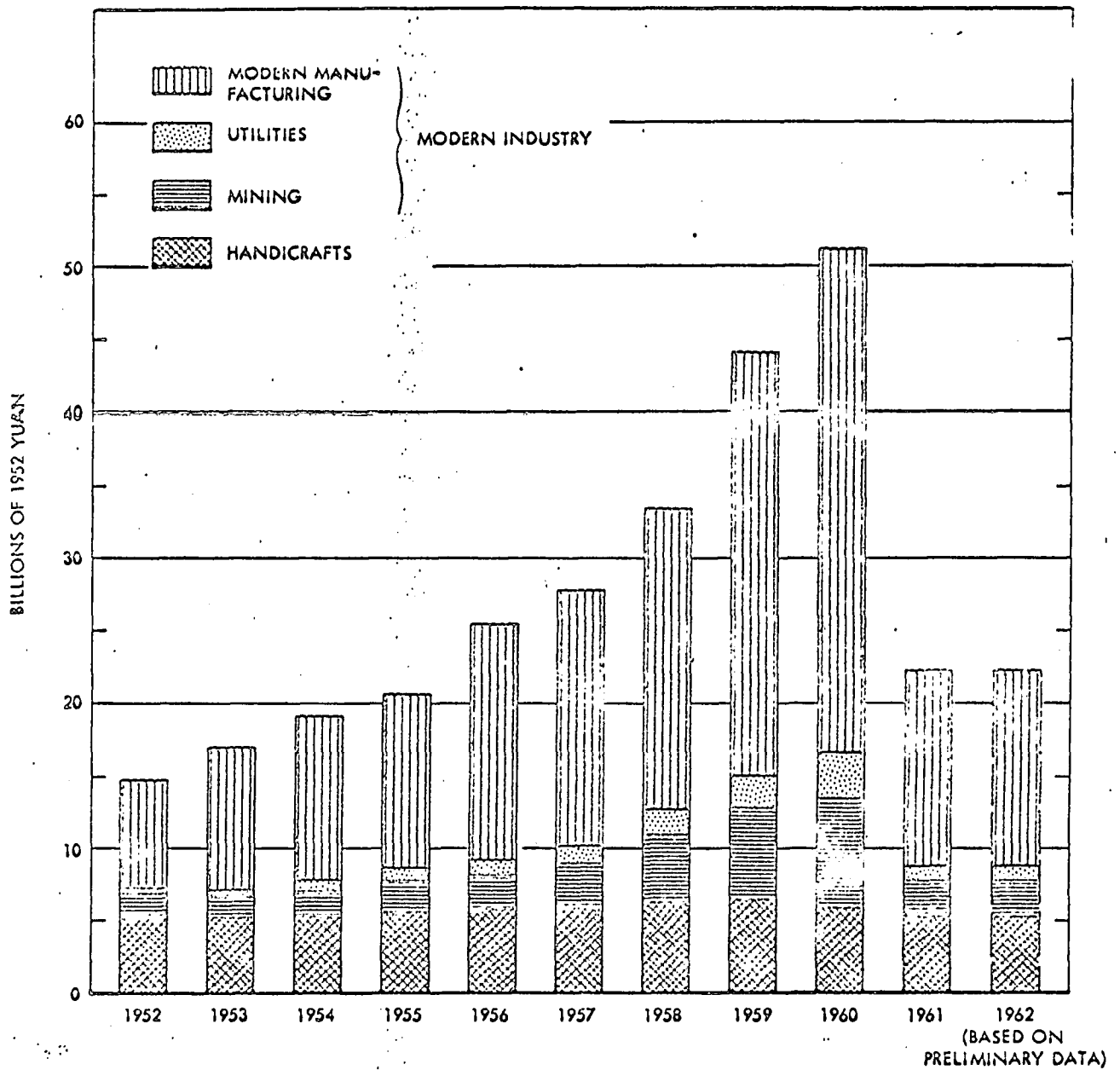
⁴¹Wu, et. al., op. cit., p. 232.

⁴²Cheng, op. cit., pp. 49-50.

⁴³Wu Yuan-li, Fanis P. Hoeber, and Mable Rockwell, The Economic Potential of Communist China, Vol. 3: Reappraisal 1962-1970, Figure 1.

FIGURE 2

GROSS VALUE ADDED IN THE INDUSTRIAL SECTOR, BY ORIGIN (44)
1952 - 1962



SOURCE: Table 49.

⁴⁴Wu, et. al., op. cit., p. 235.

and the neighbors of the PRC now held her in new fear and respect. Foreign trade and aid were actively pursued by the central authority; but some trading contracts were broken, because of internal problems within the mainland. Agriculture of the PRC suffered extremely poor harvest years during the three years of the Great Leap Forward. The agricultural failure, plus gross mismanagement, national calamities, and cancellation of Russian aid caused the industrial sector to collapse at the close of the plan.

CHAPTER 6

1961-1965, CONSOLIDATION AND ADJUSTMENT, AND ANALYSIS OF ELEMENTS OF POWER

In reviewing events from 1961 through 1965 and in making the power appraisal, five elements of power will be used. Since many elements of power can be considered in an appraisal, five have been arbitrarily chosen, but all elements of power mentioned in The Might of Nations and International Politics will be included within the following selected elements: economic, technical-scientific, psychological-social, military, and political systems.¹

ECONOMY

Natural Resources. China's area of 3.8 million square miles is slightly larger than that of the United States, which contains 3.6 million square miles.² About 12 per cent is cultivated, 8 per cent is forested, and roughly 20 per cent is pasture lands. More than half of China has negligible productive value because large areas have been seriously eroded, making these regions impracticable for use. Other sections are too dry, too cold, or otherwise unproductive. China appears large on the map, but its usability is limited.³

¹John G. Stoessinger, The Might of Nations, pp. 16-31. Vernon Van Dyke, International Politics, pp. 175-197.

²Edward B. Espenshade, Goode's World Atlas, p. 170.

³George B. Cressey, Asia's Lands and Peoples, pp. 108-109.

Agriculture will be considered separately, therefore mineral and power resources will be covered below. Ten years ago Cressey stated that China's resources in minerals probably could not support a great industrial society.⁴ Since that time greater reserves have been identified, and China's natural resource potential has been scaled upward. Oil, iron ore, and natural gas reserves have been reassessed as well as all other vital resources; and today, China has no constraints imposed by mineral resources on her industrial development.⁵

The water power available to the PRC is immense. In 1955 its potential was estimated to be about 200 million horsepower; a recent survey increased this to be about 720 million horsepower. Suffice it to say, the potential is tremendous, but it must be exploited at considerable cost to be converted to productive use. Coal, oil, and gas, plus water power, assure the PRC ample energy to support the power requirements of modern Chinese industry. Mineral resources and the superabundance of energy sources indicate that the PRC will not be constrained by significant shortages of either resource.⁶

Demography. Food supply, birth control, and other factors influence the population and China's rate of growth. In using

⁴George B. Cressey, Land of the 500 Million, p.347.

⁵Wu Yuan-li, Francis P. Hoerber, and Mabel M. Rockwell, The Economic Potential of Communist China, Vol. 1, pp. 114-126.

⁶Ibid., pp. 117-126.

all available data obtainable from the PRC, it can be determined or extrapolated that the rate of growth was about 2.2 per cent for the period preceding the food shortage. The rate then decreased to about 1.4 per cent in 1962-63 and is expected to rise to 1.9 per cent in 1966-67 and level off at 2.0 per cent thereafter.⁷ Assuming these circumstances prevail, Table 5 displays the anticipated yearly population through 1985.

TABLE 5
POPULATION ESTIMATES⁸
(Millions of Persons)

<u>Year</u>	<u>MidYear Population (Millions)</u>	<u>Year</u>	<u>MidYear Population (Millions)</u>
1965	737	1976	913
1966	750	1977	932
1967	764	1978	950
1968	779	1979	969
1969	795	1980	989
1970	811	1981	1008
1971	827	1982	1029
1972	844	1983	1049
1973	861	1984	1070
1974	878	1985	1092
1975	895		

Agriculture. In 1961-65, the adjustment period, agriculture received primary attention, and industry developed the skills to support the agricultural sector. First, during this period the

⁷Wu Yuan-li, Francis P. Hoerber, and Mabel M. Rockwell, The Economic Potential of Communist China, Vol. 3: Reappraisal 1962-1970, p. 14.

⁸Francis P. Hoerber and Keith G. Lunsden, The Economic Potential of Communist China to Support Military Programs, 1965-1985, p. 58.

peasant regained most of the rights and privileges he possessed in the early period of the Communist reign. He was paid by piece-rates and was returned his private plot with access to a rural free market. The state was concerned with achieving agricultural production, and the incentive policy was instigated.⁹ Next, the Party insured that the industrial sector confined its energies to supporting agriculture.¹⁰

In 1961, industry had almost ground to a halt, since agriculture was experiencing its third consecutive poor crop and could not furnish the raw materials to sustain the manufacturing facilities. By the end of 1961, the rural economy had started its recovery; and by mid-1962, the total economy had started upward, and it continued its rise to the beginning of the Third Five-Year Plan, 1966.¹¹ The peasants responded to the incentives granted, and the weather conditions were favorable. The grain and other rural crops for the next four years proved normal. The agricultural economy recovered quite quickly and efficiently, but that was not enough.

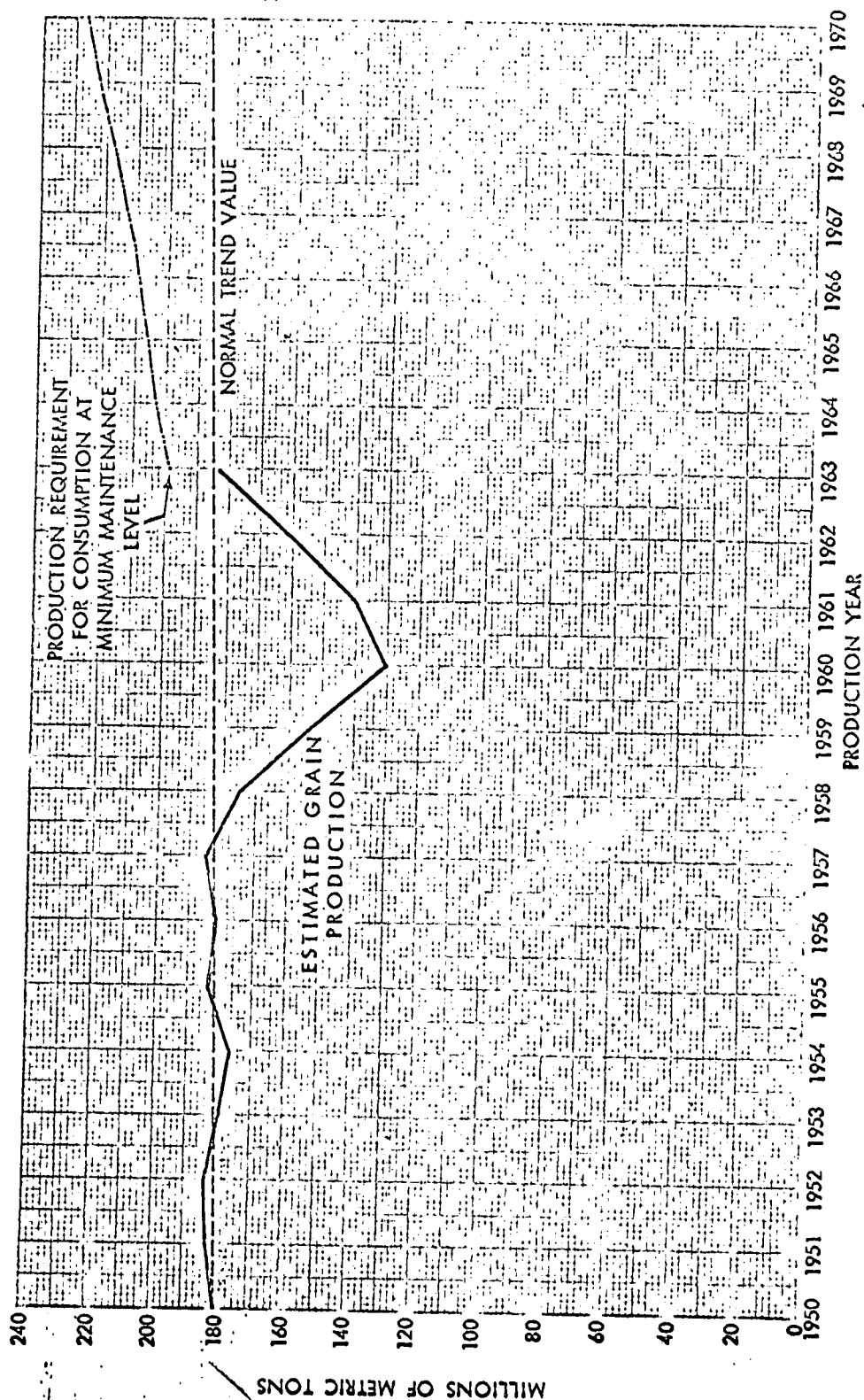
Figure 3 graphically demonstrates the dilemma. The rate of food consumption for the population is growing faster than the growth rate of grain production, and the grain production today

⁹Li Choh-ming, ed., Industrial Development in Communist China, pp. 108-109.

¹⁰Wu, Hoeber, and Rockwell, Vol. 3, op. cit., pp. 58-59.

¹¹Ibid., p. 4.

FIGURE 3
PRODUCTION OF FOOD GRAINS
1950-1963



SOURCE: Table 10.

¹²Wu, Hoerber, and Rockwell, Vol. 3, op. cit., p. 45.

is not sufficient to feed the people. Previously, corrective actions had been started to alleviate this critical problem, and they were, of course, further intensified during the consolidation period. The yield had decreased through the centuries because of unimproved seeds, uncontrolled pests and plant diseases, uneconomic plant crop patterns, crude implements, inadequate storage facilities, and excessive drain on plant residue for fuel.¹³ If the above faults could be corrected, greater yields would be assured by the newly improved techniques such as electrification, fertilization, irrigation, and mechanization.¹⁴

The problem, and probably the most agonizing one facing the PRC today, is how to close the existing food gap; or how to circumvent the problem. Assuming that the PRC intends to feed itself and to permit an increased flow of vitally needed finished goods into the mainland, the PRC must increase its use of fertilizer about three fold by 1970 in order to feed its population for that year. The problems associated with this proposition are indeed challenging. The effective use of chemical fertilizers is contingent upon the presence of complementary factors. Only when other conditions are favorable--proper soil characteristics, adequate irrigation, and absence of serious basic nutritional deficiency--

¹³Owen L. Dawson, "China's Two-Pronged Agricultural Dilemma," Current Scene-Developments in Mainland China, Vol. III, No. 20, Jun. 1965, p.2.

¹⁴Wu, Hoeber, and Rockwell, Vol. 3, op. cit., p. 22.

will the effect of fertilizer application be positive; results will then be predictable up to a certain point.

This doubtful solution presents many additional difficulties. How to build the necessary fertilizer plants? How to provide the electrical or mechanical pumps needed to use the fertilizer? How to regulate the water conservancy in order to institute effectively the scheme? How to produce 1,000,000 tractors when only 123,000 existed in 1964? How best to cultivate the unused arable land? Most important, how to attain the capital to accomplish these tasks, and how to know which should have the highest priorities?¹⁵

Two independent studies indicate methods by which the PRC could feed itself with its own grain, but both require flawless execution of the plans. The Stanford Research Institute solution, previously mentioned, presents a plan whereby domestic fertilizer plants would increase their production to 17.6 million tons by 1969. This fertilizer could then be used in 1970 to increase the grain production to 226 millions tons.¹⁶

Owen L. Dawson, a well qualified expert on Chinese agriculture, performed a similar study using a different technique, and his fertilizer requirement is 15 million tons by 1972.¹⁷ Actually the two figures are reasonably close; therefore, to attain the cost of such a venture, a requirement of 16 million tons of

¹⁵Dawson, op. cit., pp. 1-20.

¹⁶Wu, Hoeber, and Rockwell, Vol. 3, op. cit., Table 10.

¹⁷Dawson, op. cit., p. 6.

fertilizer for 1971, will be computed. Five hundred yuan is the cost for each ton-capacity of a fertilizer plant. In 1965 domestic plants in the PRC produced about four million tons; therefore, six billion yuan must be expended to have plants producing by 1970. This then means that all plants must be contracted for and started about 1967 or in the next two years. The shortage in fertilizer must be reckoned with as soon as possible, because the negative food gaps widen every year.

The facts are not available to check the correctness of this approach to the problem, but a portion of the information can be correlated. The PRC is actively contracting with Japanese and Western European firms for the installation of complete fertilizer plants. The Japanese, Dutch, British, French, and Italians are building twelve plants in the PRC now. Of these plants only the capacities of four are known, and their total annual capacity is about .4 million tons; or extrapolating, the twelve may increase fertilizer production by 1.2 million tons.¹⁸

In addition to the buying of fertilizer plants, the PRC is further expending its limited imports to obtain foreign grains and fertilizer. Both items have been consistently imported since 1960, and this practice will continue, as evidenced by existing contracts.¹⁹ With each ton of grain costing 150 yuan and each ton

¹⁸Hoeber and Lunsden, op. cit., p. 51.

¹⁹Ibid., p. 50.

of fertilizer costing 118 yuan, the annual value of these imports total about .9 billion yuan.²⁰

The production of adequate supplies of fertilizer is a most formidable goal, but that is but the first step. The transportation system is primitive; the peasants are uneducated; the water conservancy needs expanding and modernizing; and increased application of fertilizers will reach the point of diminishing returns. This point could very likely arrive in the early 1970's.²¹ This would mean that virgin arable land would have to be cultivated at a very costly price. Dawson estimated that 24.7 million acres could be reclaimed in 10 years and that this new land would increase the grain production by 15 million tons per year.²² With reclamation costing about 420 yuan per acre, the total cost would be about one billion yuan a year.²³

The PRC has approximately 12 per cent of its land cultivated, or 277 million acres.²⁴ The estimates of arable land vary from 15 to 20 per cent, but expanding the existing cultivated area is most expensive. The preceding discussion reviews some of the problems and possible solutions. Table 6 indicates the path the PRC has been following, but it is not clear at this time the method the PRC intends to pursue in the future.

²⁰Wu, Hoeber, and Rockwell, Vol. 3, op. cit., p. 191.

²¹Ibid., p. 99.

²²Dawson, op. cit., p. 6.

²³Cheng Chu-yuan, Communist China's Economy, 1949-1962, p. 160.

²⁴Wu, Hoeber, and Rockwell, Vol. 1, op. cit., p. 73.

TABLE 6²⁵⁻³¹

Year	Fertilizer		Grains (MMT)		No. of tractors
	Million Metric Tons (MMT)				Standard Sets of 15 HP
	Domestic	Imported	Domestic	Imported	
1961	1.43	1.0	140	5.6	99,000
1962	2.05	1.15	160	3.2	100,000
1963	2.6	1.7	180	4.7	113,000
1964	3.5	1.2	195	6.4	123,000
1965	4.0	2.0	190	6.0	-----

Industry. The industrial collapse of 1961 was caused by: (1) the agricultural crisis, (2) the over extension of the transportation and supply systems, (3) the chaos and confusion of the frantic Great Leap Forward effort, (4) the withdrawal of Russian aid, and (5) the overcorrection by the planners.³² To facilitate a rapid recovery, the PRC would benefit by the following: good crops, Russian aid, Western credit, and better planning.³³

Fertilizer Information

²⁵Wu, Hoeber, and Rockwell, Vol. 3, op. cit., p. 34.

²⁶Dawson, op. cit., p. 13.

Grain Information

²⁷Wu Yuan-li, The Economy of Communist China, p. 140.

²⁸Dawson, op. cit., p. 3.

²⁹"Just How Much of a Threat is Red China?" U.S. News & World Report, 22 Feb. 1965, p. 41.

³⁰"Red China: Paper Tiger?" U.S. News & World Report, 25 Oct. 1965, p. 44.

Tractor Information

³¹Kang Chao, "Agriculture in China Today," Current History, Vol. 49, No. 289, Sep. 1965, p. 172.

³²Wu, Hoeber, and Rockwell, Vol. 3, op. cit., p. 62.

³³Ibid., p. 4.

The above discussion points out the problems and solutions in a general manner, but, in 1961, the Communist leaders had to start at the beginning again, and perfect the planning for the readjustment phase. Shortages of raw material and fuel had to be eliminated; coordination between different sectors of the economy had to be welded more closely; the quality and variety of products had to be improved; and high production cost and low productivity had to be eliminated.³⁴

By 1961 the agricultural sector had experienced three consecutive crop failures, and the industry which received 40 per cent of its raw material from the rural sector had virtually come to a halt. The Communist leaders acted quickly. They halted most capital construction, closed all businesses not showing a profit, established a more reasonable work and payment system, discontinued recruiting rural workers for industry, prohibited unnecessary transfers of personnel, and enforced quality and cost control procedures. Profit was paramount instead of norms.³⁵

While industry in general was constrained, all sectors of the economy associated with supporting agriculture received top priority--mechanization, electrification, fertilization, and water conservancy. Coal, iron-ore, petroleum, steel, and timber received

³⁴Ibid., p. 62.

³⁵Ibid., p. 62-73.

special attention, but did not compete with resources allotted to agriculture.³⁶

In 1962 Chou En-lai confirmed officially what was already obvious. The new priority system was agriculture, light industry, and heavy industry in that order, and an effort would be made to attain and sustain a balance between the various sectors of the economy. Approximately 62 per cent of the industrial and mining facilities closed or partly suspended operation during 1962, because of the shortage of fuel or raw material. At the close of the year, industry started to revive and increase in activity.³⁷

The period from 1963 through 1965 demonstrated a steady recovery and growth in the industrial sector, and the crop yields were normal.

The PRC continued towards autarky. The merchant fleet of the PRC was small, 150 ships, and about 53 extra ships were contracted to aid in the field of international trade. To improve this condition, the PRC ordered additional ships from foreign shipyards, and built ships in its domestic yards.³⁸ The motor industry, an infant in 1957, expanded 2.7 times by 1964 and was producing nine basic vehicle types. Ninety eight per cent of

³⁶Colina MacDougall, "China's Industrial Upsurge," Far Eastern Review, Vol. 49, No. 10, 2 Sep. 1965, p. 421.

³⁷Wu, Hoeber, and Rockwell, Vol. 3, op. cit., pp. 61-67.

³⁸C. H. G. Oldham, "Science and Superstition," Far Eastern Economic Review, Vol. 48, No. 1, 1 Apr. 1965, p. 51.

all metal parts for vehicle production was provided by domestic sources. In the field of the machine-building industry, the PRC claimed that it was now 90 per cent self-sufficient compared to 55 per cent in 1957.³⁹

The rates of growth are incomplete, but a few releases are available. The 1964 industrial output was reported to be 15 per cent greater than that of 1963. Industrial production in 1965 appeared to be considerably higher than that of 1964. Peking reported an 18.4 per cent increase, and Tientsin a 31 per cent gain.⁴⁰ The planners expected agriculture to show a five per cent improvement over the 1964 yield; they anticipated industry to be 11 per cent higher.⁴¹ Table 7 demonstrates the growth of key industries.

³⁹Harold Munthe-Koas, "China's Mechanical Heart," Far Eastern Review, Vol. 48, No. 9, 27 May 1965, p. 398.

⁴⁰Edgar O'Ballance, The Red Army in China, p. 422.

⁴¹Hoeber and Lunsden, op. cit., p. 6.

TABLE 742-52

	STEEL (Million Metric Tons-MMT)	COAL (MMT)	ELECTRICAL POWER (Million KW)	PETROLEUM RESERVES (MMT)	PETROLEUM PRODUCTION (MMT)
1950	.6	43.	1.9		.2
1951	.9	53.	1.9		.3
1952	1.3	66.	1.9		.4
1953	1.8	70.	2.2	2,750	.6
1954	2.2	84.	2.5		.8
1955	2.9	98.	2.8		1.0
1956	4.5	110.	3.3		1.2
1957	5.4	130	4.1		1.5
1958	8.0	270	5.4		2.3
1959	8.6	347	7.9	5,900	3.7
1960	12.0	425	11.6		5.2
1961					
1962	10.0	240			
1963	10.0				
1964	9.0				6.5

Steel

⁴²Wu Yuan-li, The Steel Industry of Communist China, pp. 265-266.

⁴³O. Edmund Clubb, Twentieth Century China, p. 397.

⁴⁴Wu Yuan-li, "Communist China's Economy: Critical Questions," Current History, Vol. 49, No. 289, Sep. 1965, p. 165.

⁴⁵Edgar Snow, "Edgar Snow's 5-Hour Interview with Chou En-lai," Washington Post, 3 Feb. 1964, p. A12.

⁴⁶O. Edmund Clubb, "The International Position of Communist China," The Hammarskjold Forums, p. 18.

Coal ⁴⁷Wu Yuan-li, Economic Development and Use of Energy Resources in Communist China, p. 40.

⁴⁸Clubb, Twentieth Century China, p. 397.

Electrical Power

⁴⁹Wu, Economic Development and Use of Energy Resources in Communist China, p. 18.

Petroleum Reserve

⁵⁰Ibid., p. 177.

Petroleum Production

⁵¹Ibid., p. 181.

⁵²Wu, Current History, p.165.

Transportation, trade, and aid. As previously noted, the transportation systems of the PRC are relatively primitive. They have contributed to the difficulties encountered in the past modernization efforts, and the PRC has budgeted a considerable portion of their expenditures to alleviate this weakness.

The highway system inherited by the Communist totalled about 51,000 miles. By 1958, the Reds had expanded the network, and the new total mileage was 250,000 miles. The quality of the roads are poor, and excessive maintenance is required to give minimal conditions.⁵³

The inland waterways total about 94,000 miles of which 25,000 miles are navigable by steamer.⁵⁴ The Communists have renovated and extended the canal system since 1949, and greater utilization has accrued to the commercial sector. Coastal shipping generally accounts for about one-fourth of all water shipping.

The airlines consist of 20 interior lines and about three international lines. All of the above airlines have been under Chinese Communist control since 1955.

The railroads are by far the most important element of the Communist transportation system, since they move greater than 50 per cent of all freight. In 1949, the Communists took over

⁵³"Railroads and Highways," China News Analysis, 4 Dec. 1964, pp. 5-7.

⁵⁴S. H. Steinberg, The Statesman's Year Book, p. 885.

about 14,000 miles of railroad from the Nationalists and by 1962 had expanded the system to include about 20,000 miles.⁵⁵ Considerable effort has been directed to extend this network to all vital areas of the PRC as quickly as monetarily feasible; see AWC library map, Figure 4.

In summary, all transportation systems of the PRC are lacking and must be improved to serve adequately a viable industrial economy.

Trade and aid can be analyzed in three logical steps: the pre-Communist era, the PRC with Russian aid, and the PRC without Russian aid. Before the Communist gained control, trade was largely oriented towards the free world as it is known today--Japan, the United States, Germany, Great Britain, and Hong Kong in that order. The Soviets and Eastern European countries had less than one per cent of the trade with China.⁵⁶ The composition of the imports was: 19 per cent consumer goods, 18 per cent capital goods, and 62 per cent raw materials and fuel.⁵⁷

After the new regime gained power, the nature and source of the imports changed drastically. By 1958 the Communist bloc countries had 75.6 per cent of the aggregate Chinese trade, and the West had the remainder.⁵⁸ A majority of the Russian imports were machinery

⁵⁵"Railroads and Highways, China News Analysis, 4 Dec. 1964, pp. 2-5.

⁵⁶Wu, Hoeber, and Rockwell, Vol. 1, op. cit., p. 305.

⁵⁷Wu, The Economy of Communist China, p. 174.

⁵⁸Wu, Hoeber, and Rockwell, Vol. 1, op. cit., p. 305.

MAINLAND CHINA RAILROADS

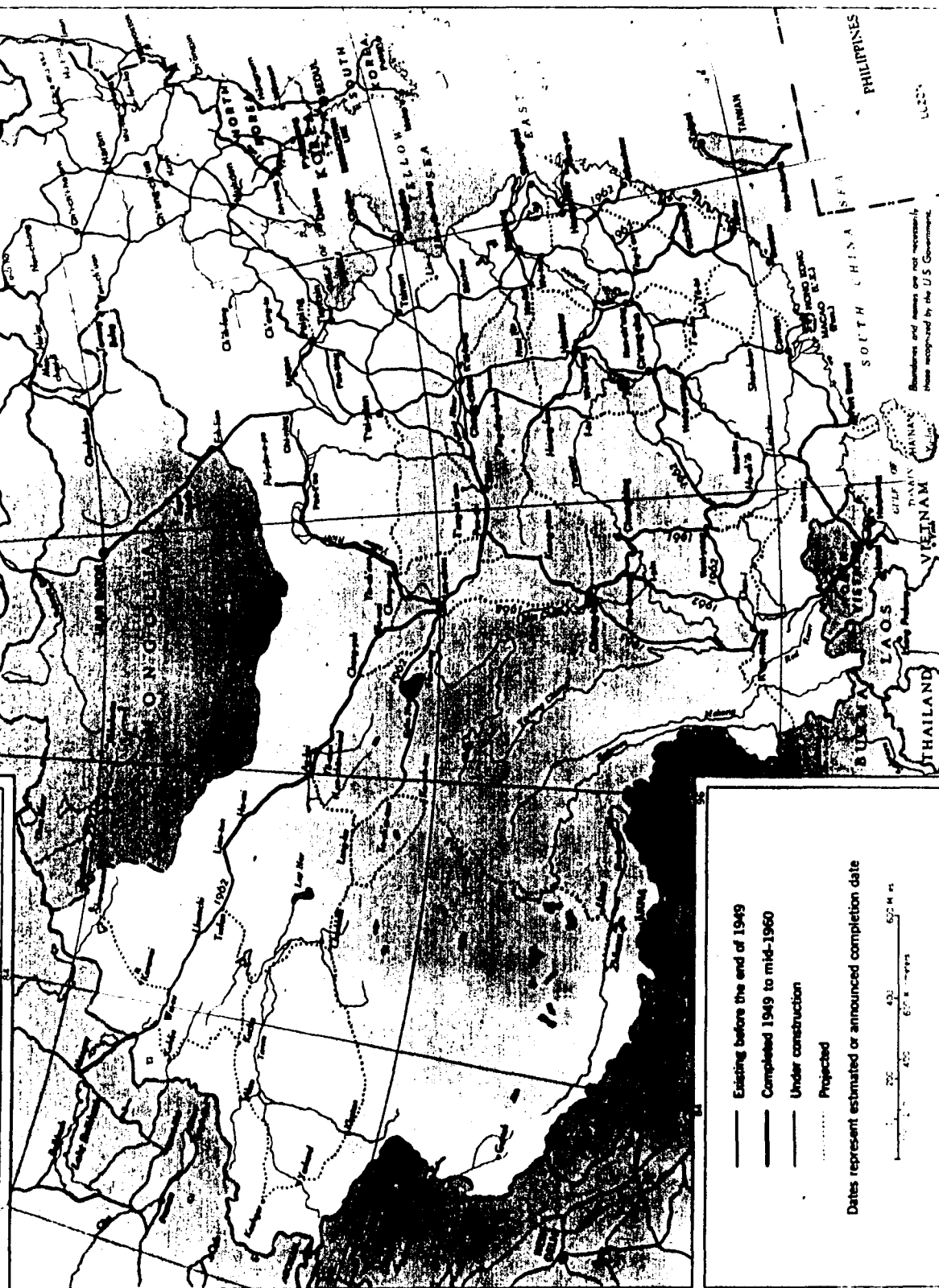


FIGURE 4

and equipment, while the Western imports consisted primarily of manufactured goods and crude materials.⁵⁹

At the time of the termination of Soviet aid to the PRC, the values of the Sino-Soviet and Sino-Western trade were about equal, but after 1960, the trade with Russia dropped radically. By 1963, the value of Russian trade had plummeted to about 35 per cent of its 1960 figure. During this period, the value of Western trade with the PRC had held constant, but the composition of imports had changed. As much as half of the value of imports had been expended on grains.⁶⁰

Sino-Soviet trade clearly identified the magnitude and phasing of Russian aid. For the period 1950-55, the PRC imported more than it exported. From the end of this period to 1964 or 1965, the PRC had exported more to Russia than it had imported, and the debt to Russia was probably paid in full by 1964 or 1965.⁶¹

An unfavorable imbalance of payments has been a constant constraint on the economy of the PRC. Machinery, manufactured goods, and other highly desired items have been needed to help the PRC develop its economy, but recently, the need to divert scarce foreign exchange to the importation of grains and fertilizers has substantially blunted this modernization drive. For the PRC to

⁵⁹Ibid., pp. 318-319.

⁶⁰Wu, The Economy of Communist China, pp. 192-193.

⁶¹Ibid., p. 183.

import, exports or payments must be given in return. The PRC has employed a number of means to close the import-export gap. First, the overseas Chinese have sent money and packages to their mainland friends and relatives. These assets approach 10 per cent of the total out-payments. Second, narcotics traffic has contributed about 117 million yuan per year.⁶² Third, Hong Kong trade has annually produced a surplus of in-payments to the PRC of about 200 million yuan.⁶³ Fourth, cheap grains are imported while expensive foods are exported.

SCIENCE AND TECHNOLOGY

The scientific base upon which the PRC must build was small and new. The Chinese have no long established tradition of modern science; in fact, they did not enter the field of Newtonian science until the end of the last century. By the time the PRC was established in 1949, the number of college graduates and their awarded degrees were as follows: 200 doctorate degrees in mathematics and natural sciences, 10,000 bachelor degrees in both natural sciences and agriculture, 25,000 bachelor degrees in engineering, and 7,000 academic degrees in medicine and health.⁶⁴ In 1949 the new Communist Academy of Science was founded with 14 research institutes

⁶²Wu, Hoeber, and Rockwell, Vol. 1, op. cit., p. 337.

⁶³Ibid., p. 312.

⁶⁴Caryl P. Haskins, The Scientific Revolution and World Politics, pp. 90-93.

and 660 members, and it enlarged rapidly. By 1959 the Academy had 105 institutes, 7,000 researchers, and 40,000 employees. Its budget has been continuously rising and has increased thirty times in its first seven years of existence. The academy devoted its energies during the early 1950's to pursuing pure research, translating extremely large quantities of scientific data, and teaching a limited number of candidates for associate doctoral degrees.⁶⁵

By 1956, the PRC increased its emphasis on scientific development, and a 200 man Chinese scientific team with expert Soviet advice drafted a Twelve Year Science Plan to run from 1956 through 1967. This plan was thoroughly reviewed in Peking and Moscow.⁶⁶ A total of seven hundred projects were agreed upon by teams of both countries. The PRC immediately increased its budget for scientific endeavors six fold in the single year 1955-56, and by November 1957, over one hundred Soviet experts had come to work in Peking. The scientific community had adopted the Soviet scientific system as a model and was expediting its science programs accordingly.⁶⁷

The scientific achievements of the PRC have been impressive. Geological workers have received adequate training and their numbers have been expanded one hundred times. The Royal Society of

⁶⁵Frederick Harbison and Charles A. Myers, ed., Manpower and Education, p. 224.

⁶⁶Ibid.

⁶⁷Haskins, op. cit., p. 98.

Peking has demonstrated capabilities in advanced solid state physics and electronics, and can be expected to make new research contributions within five years. Investigations in Peking have also shown that scientists have achieved great success in the fields of high polymers, crystallography, and metallurgy. The laboratory equipment is modern, and a good portion originated from domestic sources. The standards of Peking Medical College are comparable to those of the 1930s in the West.⁶⁸

The Twelve-Year Science Plan also called for the training of 10,500 advanced scientists and 2 million technical experts by 1967. To attain this goal, the new University of Science and Technology was created in 1958 for exceptionally bright students to receive the best scientific education in the PRC. This university was largely staffed from the Academy of Science, and by 1965 the Communists were expected to be producing 1,000 associate doctors yearly in scientific and technical fields. This number may double by 1970.⁶⁹

The PRC has detonated two atomic devices, one in 1964 and one in 1965. In view of this demonstrated prowess, the Secretary of Defense of the United States has estimated the following capabilities for Communist China: a small stockpile of atomic weapons by 1967-1968, a medium-range ballistic missile with nuclear warhead

⁶⁸Ibid., p. 95.

⁶⁹Harbison, op. cit., p. 225.

by 1967, the deployment of several launchers for medium-range missiles by 1969, with possibly several dozen more deployed by 1976, and the initial deployment of intercontinental ballistic missiles that could hit Europe and the United States by 1975.⁷⁰

Science ultimately rests on the quality of the school system. The school system under the Communists has been expanded rapidly, rigidly controlled, and departmentalized. During the early part of the Communist regime, the schools were directed to produce large numbers of technically qualified personnel as soon as possible. Subsequently, the courses were condensed and tailored to a narrow field of training suited for a limited application. The influence of the Party was immediately felt, and shortly all courses were designed from a central agency. The emphasis was shifted from the pre-Communist humanities to the technical courses, and the early goal of higher learning was simply to produce large numbers of personnel who were trained in but one narrowly confined specialty. The Party influenced and directed student activities throughout the entire range of schooling; and the grading system was actually influenced by the opinion of the Party, the fellow students, the individual student, and lastly the instructor. As in all portions of the PRC, education was also infected during the Great Leap Forward. Numerous "Red and expert universities"

⁷⁰Peter Braestrup, "McNamara Warns NATO of Chinese Atom Threat," New York Times, 16 Dec. 1965, p. 1.

sprouted throughout the country advocating studies coupled with local college based industries. By the close of 1960 the educational system, like the rest of the land, adopted a more conservative, sensible attitude toward its duties. Quality was again stressed and the "Red and expert universities" were abolished. The Communists have an enormous need for well qualified engineers. At the present, the PRC is graduating 75 per cent of the number of United States engineers, and the PRC total is expected to surpass the United States in a few years. And it is expected to produce annually 100,000-200,000 engineers by 1970.⁷¹

PSYCHOLOGICAL AND SOCIAL CHARACTERISTICS

Life under the Communists has been revolutionized: the traditional loyalties of the old are now subordinated to the Party, the urban cooperatives, the rural cooperatives, the schools, and the government; Confucianism, Legalism, Taoism and ancestral beliefs have been superseded by the dialectical materialism of the Communists' doctrine; and the mutual reliance on the Chinese family has been broken. These factors have developed a new creation, the "mass man." This man is a Chinese Communist; but first, he is Chinese, and only second, is he Communist. He received his training in the Chinese language which is apt to modify the Communist dogma in translation. Also his past political concepts have deeply influenced the new learning. Two of these are of particular relevance.⁷²

⁷¹Harbison, op. cit., pp. 202-231.

⁷²Clubb, Twentieth Century China, p. 302.

The first concept revolves about the Chinese belief in the existence of a universal truth as taught by Confucianism. The individual Chinese of old accepted one orthodoxy but was capable of holding other truths with equal fervor. Today, he is asked to assume a new orthodox belief, communism, which he does; but it is transformed in the process to be compatible with this Chinese nature. The second basic concept is that of the universal empire, the Middle Kingdom, in which the Chinese culture in its totality is believed to be superior to all others. The individual interprets the Communists as a leading cultural group that has been designated to guide his destiny against the surrounding barbarians.⁷³

The Chinese have long suffered under oppression that has been administered by small ruling minorities. Today, the Communists are firmly in control and have a large, well-organized apparatus to subjugate the people. The fact that the masses do not have a democratic government should not add to any potential unrest, because the population is completely unaccustomed to this luxury. In fact, Confucianism, Legalism, and Maoism have similar and reinforcing elements in their teachings--conformity, authority, and hierarchy--and these would facilitate a ready transition to the new communism.⁷⁴

⁷³Ibid., pp. 302-303.

⁷⁴Ibid., p. 406.

The new leaders suppressed all exploiters who opposed the new socialist revolution and constantly conditioned the people to the "truth" of the Party. Dissent was simply not tolerated: if it persisted, it became treason. Even frequent changes of Party "truths" had to be accepted by the Chinese "mass man" in order to promote the Communist absolutism. This amazing feat of thought-control has been achieved by creating a mind so attuned to the Party dialectics that it reacts to Mao's postulated changing situation as if by reflex, and en masse.

Family life, schools, work patterns, cooperatives, and most social and psychological pressures mold the Chinese population into conformity to the Party's will, but not without a penalty. The conformists exhibit sterile, uncreative thoughts and ideas that may well inhibit the future progress of the PRC. For example, the Hundred Flowers episode was urged on the people to invite constructive criticism by the intellectuals; their response caused harsh punishment to befall them. The Party has since attempted to encourage the blooming of intellectual flowers in the scientific and artistic fields, alone, but with little success.

It is as yet too early to predict how the Chinese experiment of molding the mass mind into the likeness of Mao Tse-tung will affect the future of the PRC. The Chinese nation is still subject to tremendous and powerful drives, and the ultimate results of this colossal experiment awaits a final decision.⁷⁵

⁷⁵Ibid., pp. 412-413.

MILITARY

The Chinese Armed Forces, which are collectively called the "People's Liberation Army" (P.L.A.) are massive, unified forces consisting of ground, air, and naval services. The large public security forces are separately administered, but they and the P.L.A. are under the direct guidance of the Military Affairs Committee of the Communist Party.⁷⁶

The Communist leaders maintain the largest conventional armed forces in the world.⁷⁷ The army is divided into three parts, the combatant element of 2.5 million, the Transportation Corps of over one million, and the line-of-communication units of .75 million personnel.⁷⁸ Of the combatant element, there are about 116 infantry and mechanized divisions, three armored divisions, and one airborne division.⁷⁹ The latter, however, is seriously handicapped by a shortage of airlift. Firepower and modern equipment have been built up steadily and standard weapons include .57 mm recoilless rifles, heavy mortars, rocket launchers, flame throwers, medium and heavy artillery, and limited tanks and armored cars.⁸⁰

⁷⁶Ralph L. Powell, "Communist China as a Military Power," Current History, Vol. 49, No. 289, Sep. 1965, p. 137.

⁷⁷Ibid.

⁷⁸O'Ballance, op. cit., p. 200.

⁷⁹Steinberg, op. cit., p. 881.

⁸⁰B. Gen. Samuel B. Griffith, 2d., "Communist China's Capacity to Make War," Foreign Affairs, Vol. 43, Jan. 1965, p. 223.

The Red Navy was born in 1949 by the capture of a partially sunken Nationalist cruiser, yet since that time, it has prospered over the years. The Communist Navy now has the fourth largest submarine fleet in the world and has various assortments of small surface ships as depicted on Table 8.

In 1960, the Chinese Air Force was the third most powerful in the world. Its 90,000 personnel maintained from 2,300 to 2,900 aircraft which included 1,600-1,900 MIG-15 or 17 fighters, 100 MIG-19 fighters, 300-400 IL-28 jet bombers, and other assorted aircraft. Since 1960 the Russians have withdrawn their assistance and the economy has collapsed; these events have severely crippled the air fleet. Fuel and spare parts are in short supply, and cannibalization is now practiced to keep aircraft in commission.⁸¹

The militia's exact size is not known, but it is frequently cited as 10 or 20 million. Actually, only the basic units of ex-service men, political activists, and Party members can be considered as military organizations, but this number must run into the millions.⁸² Policies for the militia change frequently but until recently, all youths not conscripted by the P.L.A. automatically entered the basic militia. All demobilized servicemen are automatically fed into it. The principle mission of the militia is that of maintaining social order and guarding against

⁸¹Powell, op. cit., p. 137.

⁸²Ibid., p. 138.

counterrevolution.⁸³ The militia performs other valuable functions such as: forming a second line of defense, providing logistical and housekeeping support for the regular army, and performing other essentials such as labor and intelligence requirements.⁸⁴

National conscription has been in effect since 1955. Each year about 750,000 young men are selected from approximately six million men who reach the age of 18. The services are selective, but even so, they suffer from inadequately qualified men to accomplish the technical duties required of the Armed Services.⁸⁵ The enlistments generally start in the 18th year for conscriptees and last three years for the Army, four years for the Air Force and Coastal Service, and five years for the Navy.⁸⁶

Weaknesses. The Army's strategic mobility is of a low order.⁸⁷

The combat capability of the Air Force is low and unless Russian aid is forthcoming, it cannot be improved without a disproportionate share of the PRC's limited resources.⁸⁸

Party committees have jurisdiction over the political officers, the Party members, the military commanders, and the troops. This

⁸³Ralph L. Powell, "Politico-Military Relationship in Communist China," Policy Research Study, p. 13.

⁸⁴O'Ballance, op. cit., p. 204.

⁸⁵Griffith, op. cit., p. 224.

⁸⁶Steinberg, op. cit., p. 881.

⁸⁷Griffith, op. cit., p. 224.

⁸⁸Ibid., p. 226.

system of control creates a dichotomy of command under battle conditions. The military commander must vie with the committee for decisions, and the result is a sacrifice of flexibility and initiative.⁸⁹

The PRC's capability to wage a major conventional war outside its own borders is poor, and it has a primitive capability for operations involving land, sea, and air arms.⁹⁰

The navy, with the exception of the submarine force, is less than that of a second rate power.⁹¹

The logistical system is inadequate to sustain a major military operation.

Strengths. Jane's Fighting Ships states that the PRC has 30 submarines. About 20 of these are long-range boats which could be fitted with short-range missiles. This combination of weapon systems could have the capability of destroying many of United States' largest civil and military centers.⁹²

The atomic threat has already been discussed previously in this chapter.

If the PRC continues on an industrialization program till 1985 and appropriates a modest amount towards military expenditures, the Stanford Research Institute expects appropriations to be:

⁸⁹Ibid., p. 232.

⁹⁰Ibid., p. 233.

⁹¹Ibid., p. 226.

⁹²Ibid.

1965-1970 about 6 billion yuan, 1970 about 12-18 billion yuan, and 1971-1985 about 21-37 billion yuan.⁹³ With the increased money for weapons the P.L.A. could modernize more effectively and become a more credible military threat.

The Army's tactical mobility is of a high order.

TABLE 8

STRENGTH OF PRC MILITARY FORCES⁹⁴⁻⁹⁷

1. ARMY

Combat Strength	2,500,000
Infantry and Mechanized Divisions	116
Armored Divisions	3
Airborne	1

2. AIR FORCE

Personnel	90,000
Aircraft	2,300-2,900

3. NAVY

Personnel	130,000
Submarines	28
Destroyers	8
Patrol, Minesweepers, etc.	800
Navy aircraft	500

4. SUPPORT AND LOGISTICS

Transportation Corps	1,000,000
Logistical Units	750,000

5. MILITIA

Effective Strength	10-20 million
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6. SECURITY FORCES

300,000

⁹³Hoeber and Lunsden, op. cit., p. 5.

⁹⁴Steinberg, op. cit., p. 881.

⁹⁵O'Ballance, op. cit., p. 200.

⁹⁶Powell, Current History, p. 137.

⁹⁷US Congress, House, United States Defense Policies in 1964, p. 16.

POLITICAL AFFAIRS

During the 1961-1965 period, the Chinese Communist leaders were extremely active in both domestic and foreign affairs. By 1961 the Chinese Communist Party had expanded to greater than 17 million disciplined members, probably the largest, most powerful Communist Party in the world.⁹⁸ The Party continued to exert absolute control over the population. The government remained the resolute action arm of the Party, and further enhanced its influence with the masses by holding its Third People's Congress in September 1964. A total of 3,040 members attended this congress and endorsed the will of the government.⁹⁹

The Communist Party is the source of all policy, both domestic and foreign. Through the years the Party structure and function have changed very little. Today, the National Party Congress, comprising more than 1,000 members, is still nominally, but not actually, the highest body of the party. The Congress convenes only when Party leaders have formulated policies that need approval. The Congress is used as a sounding board for previously determined policy.¹⁰⁰

⁹⁸A. Doak Barnett, "Communist China--Continuing Revolution," Headline Series Foreign Policy Association, No. 153, May-Jun. 1962, p. 15.

⁹⁹Keessing's Contemporary Archives, Vol. 15, p. 20776.

¹⁰⁰US Congress, Senate, Committee on Government Operations, National Policy Machinery in Communist China, pp. 3-6.

The National Party Congress elects about 200 members to serve on its Central Committee. This committee is empowered to call the National Party Congress into session, to elect members of the Central Political Bureau, to classify previously determined policy, and to reward outstanding party service.¹⁰¹

The Central Political Bureau (Politburo) is authorized by the Party constitution to exercise the functions and powers normally delegated to the Central Committee when that body is not in session. Since the Central Committee is called only by the Politburo, this is a sweeping grant of power to this small group of 26 elite Communist Party leaders.¹⁰²

In 1956, the Party constitution was changed: the real power of party policymaking and execution was transferred from the Secretariat of the Communist Party to the Standing Committee of the Politburo. This new committee has the power of the Politburo and presumably will function for the Politburo at Mao's decision. Next, the apex narrows even more sharply, and Mao stands unchallenged at the top of the Standing Committee. When viewed from this vantage point, he controls the handful of members in the Standing Committee, this committee in turn has the authority to make and execute government and Party policies. In addition to being vested with power, the leaders have a self-sustaining, self-perpetuating

¹⁰¹Ibid., pp. 3-8.

¹⁰²Ibid., p. 7.

organization, because each elected group is authorized to convene its parent organization. The government structure is very similar to that of the Party. The National People's Congress is at the base of the organizational pyramid, and its functions and administrative duties are exercised by its elected committees, councils, and key members.¹⁰³

The PRC continued to consolidate and expand its peripheral hegemony during this period. Border agreements were negotiated with Burma, Pakistan, India, and Mongolia.¹⁰⁴ Twelve thousand square miles of Ladakh were forceably acquired in the October-November 1962 Sino-Indian hostilities.¹⁰⁵

The rift with Russia continued unabated. In 1961, the USSR broke diplomatic and economic relations with Albania because of disputes over Russian aid to Albania, radical Communist foreign policy, and anti-Yugoslav attitudes. Since Albania's policies agreed with those of the PRC, Albania immediately became a satellite of the PRC.¹⁰⁶ In late October 1962, the PRC heartily endorsed the strong anti-United States policy of Castro and likewise vehemently disapproved of the USSR's withdrawal of its missiles from Cuba.¹⁰⁷ Later that year the tempo increased; Peking bitterly assailed Moscow

¹⁰³Ibid., pp. 7-8.

¹⁰⁴Keessing's Contemporary Archives, Vol. 13, p. 17949 and Vol. 14, p. 19427.

¹⁰⁵Clubb, Twentieth Century China, p. 420.

¹⁰⁶Ibid., p. 393.

¹⁰⁷Keessing's Contemporary Archives, Vol. 13, p. 19093.

for revisionist tactics and attacked Khrushchev's leadership in the hope that any succession authority would be either pro-Chinese-- or weaker.¹⁰⁸

The PRC had thrust its political, social, economic, and diplomatic influence into many new areas of the world. Economic and social agreements had been reached with immediate neighbors; the Chinese Communist Party had permeated to some extent almost every country in the world. Of the world's 105 Communist Parties, Moscow probably controlled 72, as against 21 for Peking. Twelve other parties--mostly Western European--were vaguely independent.¹⁰⁹

One party, the two million member Partai Komunis Indonesia (PKI), was the third largest in the world, dominated the Indonesian Government, and was subservient to the PRC. An abortive coup attributed to the PKI erupted in Jakarta in October 1965 and was quickly and effectively suppressed.¹¹⁰ This set back plus the diplomatic failure of the Second African-Asian Conference cost the leadership of the PRC considerable prestige.

In 1965, Chen I and Lin Piao released information to the world which had significant short and long range Communist Chinese doctrinal impact. Their subjects included: irredenta, Pakistan friendship, China and nuclear policies, Vietnam, United Nations, Second African-Asian Conference, Sino-Japanese relations, united

¹⁰⁸Clubb, Twentieth Century China, p. 414.

¹⁰⁹"Communism Today," Time, Vol. 86, 6 Aug. 1965, pp. 26-27.

¹¹⁰Keesing's Contemporary Archives, Vol. 15, p. 21039.

front policies, peasant based revolutions, revolutionary armies, strategy of people's war, policy of self-reliance, ultimate success of people's wars, and Khrushchev revisionism.¹¹¹ In closing, Mao--solidly supported by Party, government, and people--had made considerable inroads on the Russian influence in the world arena. The active challenge by the PRC for leadership of the Communist bloc had completed the initial phase; the PRC had expanded its hegemony in contiguous areas and had penetrated many areas in world with aid, trade, missions, and agreements. The undeveloped and Western nations observed a new expansive communism with a very definite Chinese flavor surging forward with the published intent of conquest.

¹¹¹Text of Chen I. "Sep. 29 Press Conference," Daily Supplement Foreign Radio Broadcasts, No. 197 (6S) 12 Oct. 1965 and Lin Piao, "Long Live the Victory of the People's War," Daily Report Supplement Far East, No. 171 (4S), 3 Sep. 1965.

CHAPTER 7

DISCUSSION AND CONCLUSION

PURPOSE OF THESIS AND FOREIGN POLICIES OF PRC

The purpose of this thesis is to determine if the PRC could become a great national power by the end of the twentieth century. Since the foreign policies of the PRC are now clearly evident, an evaluation of these policies can be made to ascertain if they are designed to guide the PRC to a great nation status. If the national policies are commensurate with that of a budding great nation, the most likely method of attaining these policies will be analyzed; and conclusions will be drawn.

The foreign policies of the PRC are: (1) to insure the territorial integrity and survival of Communist China;¹ (2) to eliminate American power in the Western Pacific and to dominate the Asian Continent as had the Chinese Empire;² and (3) to establish world communism, dominated by Communist China.³ These policies certainly confirm that the national endeavors of the PRC are those requiring the prowess of a great nation; therefore, the paths to implement the national policies require analysis.

¹Walt W. Rostow, Prospects for Communist China, p. 85.

²Ralph L. Powell, "Communist China as a Military Power," Current History, Vol. 49, Sep 1965, p. 136.

³Ibid.

PLANS FOR ATTAINING GREAT POWER STATUS

The PRC can implement her foreign policies by adopting any of three different concepts. First, extra funds can be allocated to the industrial, scientific-technological, and military sectors in order to expedite the development of a large, effective military threat. Second, the PRC can forsake the drive to modernize, expend her funds and energy for subversion and consummate her foreign policy aims in this manner. Or third, the PRC may select a middle course that will produce a modest number of sophisticated weapons at the same time that she modernizes her economy at a moderate rate.

The strategy of expending the funds of the PRC to maximize its threat as soon as possible appears to be imprudent for two reasons. First, the Communist economy is too small to support a serious military threat to the USSR or the United States during this century. In 1952 the GNP of the PRC was but 15.4 per cent of the United States; by 1958 it had climbed to 17.7 per cent but had dropped to 12.3 per cent by 1962.⁴ During this same period, the GNP of the PRC remained about one quarter of the Russian GNP.⁵ This indicates that the PRC could, at best, close the gap with the great nations very slowly, and its defense expenditures would be but a fraction of the amounts spent by the challenged nations:

⁴Wu Yuan-li, Francis B. Hoher and Mabel M. Rockwell, The Economic Potential of Communist China, Vol. 1, p. 355.

⁵Ibid., p. 354.

in 1959 the PRC military budget was about 10% of the United States' and about one quarter of Russia's.⁶ Second, if the PRC strengthened its military might rapidly, the high rate of economic growth and the civilian segment of its economy would suffer. One study that analyzed this prospect determined that the GNP would essentially remain stagnant while disproportionately large funds were diverted to the making of an effective war machine.⁷ In summary, this method of implementing foreign policy appears infeasible, because the economy would be severely crippled, the foundations of the PRC would be in jeopardy, and military equality with the great nations could not be attained.

The concept of becoming a great nation by means other than industrialization appears invalid by the past history and demonstrated intentions of the PRC. Expansion of the agricultural or industrial sectors has always been and still remains a top priority goal for the Communist rulers. The facts belie this possibility, but the concept is quite valid and worthy of consideration.

Obviously, the solution is found in the middle course. This concept would attempt to achieve national goals by rapid modernization of the economy while developing concurrent military research and development programs.

⁶Ibid., pp. 355, 356, 365.

⁷Francis P. Hoerber and Keith G. Lunsden, The Economic Potential of Communist China to Support Military Programs, 1965-1985, pp. 57-61.

ANALYSIS OF BEST CONCEPT

Since the PRC's desire to be a great power has been established, as well as its best course of action to achieve this end, the following discussion will examine its likelihood of progress as supported by its five elements of nation power.

Economy

To have a viable nation, the economy must be vibrant and expanding. The PRC has the capability of achieving a self-perpetuating economy, but at the present two constraints still exist--inadequate capital and the absence of astute economic guidance. Capital is in demand from all sectors of the economy: agriculture requires fertilization, irrigation, electrification, mechanization, and importation of grains to feed China; industry needs new factories to support agriculture, light industries, and heavy industries; the military seeks new weapons; the transportation systems are in need of improvement and expansion; and vital industrial imports require payment.

Economic guidance and leadership of the PRC also present major obstacles to a steady economic expansion. These disruptive policies are: (1) the desire of the PRC leaders to increase the total output too rapidly, (2) their determination to achieve autarky, (3) their inability to attain a steady and reliable inflow of foreign capital, (4) their failure to devise an adequate

system of incentives, independent of material benefits, and (5) lack of flexibility on the part of the economic system to make up shortcomings in any sector by substitution from another.⁸

Agriculture has been directly affected by the two cited restraints. Expenditures were intentionally diverted from agriculture to heavy industry during the First and Second Five-Year Plans, and leadership made serious blunders by implementing such policies as the advanced cooperatives, communes, and the Great Leap Forward. Because of these grievous errors the per capita output of agricultural products during the period 1952 to 1965 actually dropped ten per cent.⁹ Today the dilemma worsens; the PRC must produce more to eat, and also restrict its population growth. Both of these solutions are actively being pursued today. The increase in food production is restricted by limited capital, but an effective birth control campaign can be expected. Contrary to the majority opinion of experts concerning the PRC's ability to reduce its birth rate, it is the opinion of the writer that this can be done. This belief is fostered by the past exploit of the PRC--its ability to control the vast Chinese population. In spite of all efforts to eliminate the agricultural problems, however, future policies cannot resolve the dilemma, and agriculture will remain a chronic irritant to the economy of the PRC.

⁸Wu Yuan-li, The Economy of Communist China, p. 203.

⁹H. Hunter, "Estimated Chinese Growth Trends," The ASTE Bulletin, Vol. 7, No. 2, Summer 1965, p. 10.

In summary, the economy under the guidance of the PRC has demonstrated gross imbalances and inconsistent growth patterns. The growth rate was six per cent in the 1952-1960 period, 3.7 per cent in the 1952-1962 period,¹⁰ and will probably average about five per cent in the future.¹¹ The annual growth rate of net domestic product per capita for the period 1952 to 1965 was 1.6 per cent, the same as India under like conditions.¹² The United States' GNP growth per capita during the 1947-1964 period was about 2.0 per cent.¹³ The past economic record of the PRC is not too impressive; in fact, it appears that the PRC is running very hard to stay in its relative economic position with world competitors. Also using the USSR as a model, the PRC's growth rate should falter and decrease as the economy expands, modernizes, and becomes too intricate for centralized control.¹⁴ The economy under the present ideological restraint will have the means to expand modestly and support a very limited production of sophisticated weapons.

¹⁰Wu Yuan-li, op. cit., p. 203.

¹¹Wu, Hoeber, and Rockwell, Vol. 1, op. cit., p. 8.

¹²Hunter, op. cit., p. 10.

¹³Leon H. Keyserling, Agriculture and the Public Interest, p. 55.

¹⁴John P. Hardt, "Rostow on Growth--A Point of View," The ASTE Bulletin, Vol. 5, No. 3, Fall, 1963, p. 15.

Science-Technology

In the appraisal of the preceding chapter, the PRC was credited with having the capability to develop sophisticated weapon systems well before the end of the century; this is a serious threat that must be reckoned with.

Because of the following weaknesses--the educational system lacks quality, the scientists are generally insufficient in number and highly specialized, the metallurgical industry is relatively new and unaccomplished, and the written language is not conducive to scientific progress--it is believed that the ICBM threat by 1976 is premature, but easily attainable within this century.

A more likely method of blackmailing the United States and the continent of Europe will probably appear in the marriage of two weapon systems, the medium range ballistic missile and the submarine. It appears that the PRC could most quickly and effectively attack these two centers of power with submarine launched missiles in the not too distant future.

Psychological-Social Strengths

The PRC has the full support of the population after having survived three consecutive poor harvests, and numerous peripheral military conflicts. This element of strength is a definite plus factor for the PRC in its quest for its desired power status.

Military

The PLA is not a threat to the USSR and the United States today. But once it attains and operates modern weapons equal in quality to those of the great nations, it will use these weapons as means to implement its national aims via missile diplomacy. Because of the retarded economy, only a very few high priority weapon systems will be perfected such as nuclear weapons, missiles, and submarines. The more mundane items will probably lag considerably, prolonging the time when the entire P.L.A. will be modernized.

Political Affairs

The Chinese Communists have established a powerful, uncorrupt, stable government in Peking and have cleared their territory of foreign spheres of influence.¹⁵ The people are exhibiting a new peak of nationalism and unity that inherently generates expansionist drives within the ethnocentric Chinese.¹⁶ The PRC is a monolithic unit, thoroughly controlled by Mao and his elite group.

The Sino-USSR split does not appear to have altered the long range economic progress, policies, and drives of the PRC. The ideological differences--inevitability of war, peaceful coexistence, nature of imperialism, armed struggle, detente, and others--

¹⁵Powell, op. cit., p. 129.

¹⁶O. Edmund Clubb, Twentieth Century China, p. 129.

still rage, but the real power still is vested in the Kremlin.¹⁷

It appears that history will dictate a permanent split between the two Red giants, unless their Communist systems are threatened. In that case they will certainly unite against their common capitalistic enemies.¹⁸

The PRC has completed a number of political thrusts that are or will be effective in spreading their doctrine: the people's wars, overseas Chinese, and atomic diplomacy. These attributes used in unison could possibly deter the United States while lesser powers are overwhelmed by the PRC or its agents.¹⁹

Vieing against the attributes of the PRC are formidable liabilities, and all operate against the Party. First and foremost, the succession problem for Mao and his contemporaries is indeed perplexing. Lin and Chou, in that order, are presently programmed to succeed Mao; but after this age group becomes inactive, new untried leadership will assume the helm.²⁰ The direction of national policies at this time is unpredictable, and the stability of the Chinese Communist ruling elite is in question. Closely associated with the passing of Mao and his secession is the hierarchial status of the military. Mao has always relied heavily on their help and

¹⁷A. Doak Barnett, Communist China in Perspective, p. 83.

¹⁸A. Doak Barnett, "Communist China--Continuing Revolution," Headline Series Foreign Policy Association, pp. 48-49.

¹⁹Morton H. Halperin, "China and the Bomb," Military Review, Vol. 45, No. 8, Aug. 1965, p. 25.

²⁰American Universities Field Staff Reports Service, A Hand-full of Powerful Men, pp. 1-13.

assistance. Their position in regard to new leaders is still problematical.²¹ Finally, Djilas' new class theory tends to corrupt the revolutionists within the Chinese Party and eventually may cause an elite to rise and the Party to fall.²²

In summary, the PRC has powerful assets that could facilitate her expansion and hegemony in Asia, but it also has liabilities that tend to retard its political efficacy in the not too distant future.

CONCLUSION

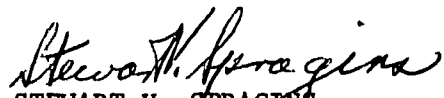
The PRC will not become a great national power in the twentieth century. It will not achieve the ability to project effectively its will over the entire spectrum of international conflicts. The justification for this conclusion is based on the explanation and amplification of the basic definition of a great power. Since power is relative, the PRC would have to equal or surpass the might of the USSR or the United States in 34 years, and this achievement appears most unlikely. The economy of the PRC is small, unsophisticated, and is not expected to close the gap between it and the great powers. Its science and technology are rudimentary, yet the PRC should develop a limited number of nuclear missiles within 15 years. By that time the superior technology of the

²¹Rostow, op. cit., p. 134.

²²Milovan Dilas, The New Class, p. 40.

great powers should have neutralized these expected PRC advances. The psychological-social strength of the people will firmly support the regime in future endeavors, but the people alone--without skills, knowledge, and astute leadership--cannot prevail over superior cultures. The military without modern logistics and weapons can not match the great powers. Both capital and science restrict the PLA to inferior quantity and quality of weapons. The foreign policies and exploits of the PRC for the near future will be effective and threatening. These threats will be effected by people's wars and peripheral expansion. Their aggrandizement will be conducted under threats of blackmail, and this blackmail will come in the forms of limited numbers of medium range nuclear missiles, submarine launched missiles, and intercontinental ballistic missiles.

Vigorous Free World policies--political, economic, psychological, and military--can contain the threat of the Chinese Communists, defeat their pretensions in the world, and in time, diminish or remove the danger of the PRC.


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